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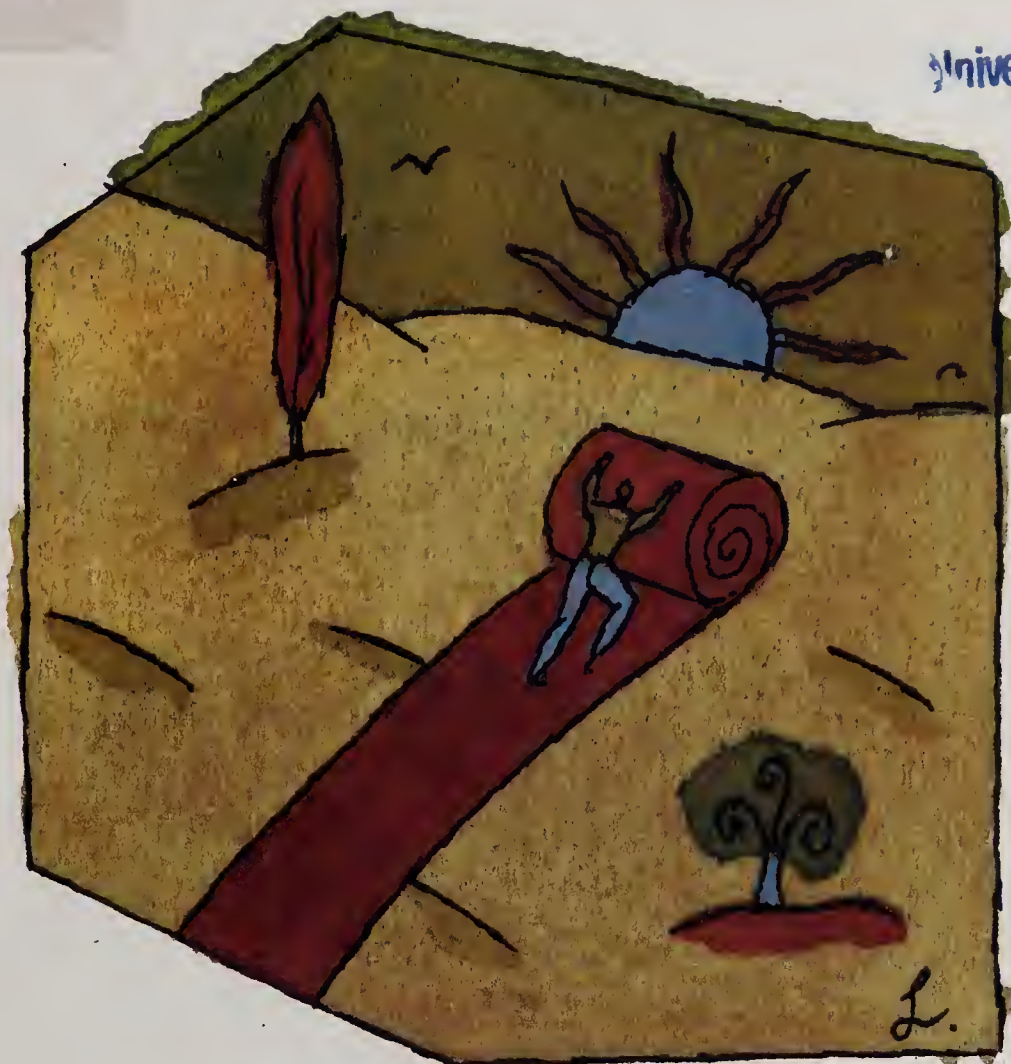


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The **GOVERNMENT**
WE CHOOSE:
lean,
focused,
AFFORDABLE

**Governor Weld and Lieutenant Governor Cellucci's
Plan for Downsizing Massachusetts Government**

November 1, 1995

Message from the Governor and Lieutenant Governor

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Government’s main function is to encourage and pre-serve a free market. When Alexander the Great visited the philosopher Diogenes and asked whether he could do anything for him, Diogenes is said to have replied: “Yes, stand a little less between me and the sun.” It is what every citizen is entitled to ask of his government.

—Henry Hazlitt,
Economics in One Lesson



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**FROM THE GOVERNOR AND
LIEUTENANT GOVERNOR**

November 1, 1995

Dear Massachusetts Citizen:



You—like most Americans—spend more of your working day earning money to pay your tax bill than to feed, clothe, and house yourself and your family. Massachusetts state government alone will tax you and your fellow citizens \$11.6 billion this year. And state government borrowing—which must be repaid with future taxes—now adds up to \$12 billion. Like it or not, you are paying dearly for state government.

Since July, we have been asking all our citizens three simple questions: What are *you* getting for your tax dollars? How do *you* want your tax money used? What are *your* ideas for improving state government? Your answers were loud, clear, and from the heart.

You are getting less for your tax dollars than you expect, and what you expect is the basics:

- Safety in the streets and security in your homes
- Care for those with a limited ability to help themselves—especially children—and a helping hand for those who are trying to get back on their feet
- Well-kept parks; clean rivers, water, and air; and a transportation system that gets you from here to there quickly and conveniently
- An opportunity to obtain a high-quality, affordable education that gives you and your kids a shot at a decent living.



Most of all, you expect to get on with your life, with as little intrusion from government as possible.

You want your tax dollars to be used well: not wasted; not taken for granted; not handed over to those unwilling to work as hard as you do to pay their own way.

You have a lot of great ideas to improve state government: cut the bureaucracy; stop needless regulation; quit throwing away money on programs that don't work, and people who won't work; get rid of state workers who can't remember—or never learned—that the taxpayers are the ones in charge; and above all, *cut taxes*.

This is the state government *you* would choose. It is also the state government *we* would choose. Here is our plan to make it a reality over the next two years: not only to downsize government, but to recreate it. This new state government would have five fewer secretariats, 76 fewer agencies, and 263 fewer boards and commissions. It would employ 7,500 fewer people and cost two-thirds of a billion dollars less a year to operate. It would embrace new ways of doing business and abandon the culture and incentives that created—and sustain—big government. It would stop imposing taxes in the guise of Registry fees, offering you a lifetime operating license and permanent automobile registration valid for as long as you own your car. It would cut the tax rate on your wages from 5.95 percent to 5.45 percent—a half billion dollar tax cut, the largest single tax cut this Administration has ever proposed.

It would eliminate the Executive Office of Education, and merge the Board of Education, the MassJobs Council, and the Higher Education Coordinating Council into a newly created Board of Education and Training. The caps on the number of new, successful charter schools would be lifted, and parents would be provided vouchers to allow their children to attend the public school of their choice. The new board would supervise the financing of public higher education, enabling it to direct appropriations in order to eliminate duplication and demand top-quality education. Finally, the Commonwealth's myriad job training programs would be consolidated into two simplified levels—state and local.

To help those in need, the reorganized state government would have a new Secretariat of Family Services. Four agencies under this new secretariat would replace the twenty now under the Executive Office of Health and Human Services and other secretariats. Each of the new agencies, and all of their actions, would be geared toward moving clients to maximum self-sufficiency. The state would move to contracting based on *outcomes*—a child placed in a safe home or a drug addict off his habit—rather than for just trying. The state would introduce and gradually expand competition through the enterprising of institutions. The complexity encountered when trying to navigate the current system would be replaced by simpler approaches such as toll-free numbers, enabling clients to connect directly with human service professionals and reducing the need for an extensive system of unwieldy and uneconomical state administrative offices.

The state's Executive Office of Transportation and Construction would be eliminated, and a Secretariat of Public Property would be created in its place. The new secretariat would have increased control over the management, maintenance, and construction of our public infrastructure. To keep a tight rein on costs, the Governor would have veto power over state authorities' spending, and both the authorities and the public property agencies would rely heavily on privatization. Likewise, the Secretariat of Environmental Affairs would increasingly privatize functions such as the operation of skating rinks, golf courses, and swimming pools. Needless programs—the MDC "Stress House," for example—would be discontinued, and duplicative functions would be eliminated through the consolidation of similar agencies.

This new state government would embrace major changes within the Secretariat of Administration and Finance. The antiquated civil service system—which rewards "examsmanship" over merit—would be abolished. Administration and Finance would oversee all regulatory functions of state government through a new Department of Licensing and Regulation. This new department, however, would make only a small dent in the problem of overly complex and intrusive regulations if it continued administering the regulations now in place. For this reason, we propose to sunset the Code of Massachusetts Regulations—every rule on the books, every fee rate in effect—on January 1, 1997.

Finally, this approach would revitalize the Secretariat of Public Safety. The secretariat would be logically reorganized into three new departments—Criminal Justice, Law Enforcement, and Emergency Management. Within these departments, changes would be made to allow for better protection of citizens. For example, the State Police would move away from road patrols and toward specialty services, so they could more effectively support local police in the use of necessary advanced technology and information systems. In addition, it would eliminate county government, while retaining sheriffs, and unify corrections—including probation and parole.

This is our plan for a lean, focused, and affordable state government. It will stir debate, it will be a challenge to implement, and it will surely ruffle special-interest feathers. It represents the views, ideas, and hard work of the people of Massachusetts and offers us a rare opportunity to radically restructure government for future generations. We invite the Legislature to seize this opportunity and join the Administration in creating a better government for Massachusetts.



Governor William F. Weld



Lt. Governor Argeo Paul Cellucci

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THE SIZE AND SCOPE OF STATE GOVERNMENT

Massachusetts State Government: Too Large, Too Expensive, and Too Intrusive

Lieutenant Governor Paul Cellucci heard loud and clear from the citizens of Massachusetts: State government is too large, too costly, and too intrusive. From plant workers in Quincy to educators in North Adams, from senior citizens on Cape Cod to commuters from Worcester to Boston and points in between, the people of the Commonwealth agree—we have too much government.

Too many state agencies—doing the same things. Too many programs—failing to deliver, no matter how well-intentioned.

Too many burdensome regulations—tying up individuals and businesses with mindless rules. Too many hassles—frustrating us all in everyday tasks. Too much state spending—and not enough to show for it. And above all, too many taxes—taking too much from taxpayers' pockets.

Do we really need 11 cabinet secretariats and 101 government agencies? Ten separate agencies, boards, commissions, and councils serving the disabled? Forty-nine job training programs? Two hundred twelve regional and area offices in the Executive Office of Health and Human Services alone?

Governor Weld and Lieutenant Governor Cellucci are convinced we do not.


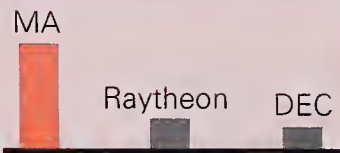
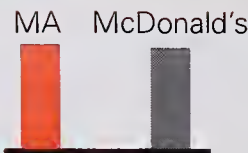
Case in Point

The seemingly simple task of removing a leaking fuel-oil tank from his backyard turned into a nightmare for Peter Cooper, a homeowner in the Bass River section of Yarmouth. What began as an estimated \$700 job in October 1993, turned into an \$18,000-plus ordeal, requiring the removal of 43 cubic yards of soil to meet state environmental codes, Cooper told the *Boston Globe*. Getting permission to have a contractor use petroleum-eating bacteria to clean the remaining soil and groundwater on his property required Cooper to hire a special consultant to develop a four-inch-thick plan for the Department of Environmental Protection. And to top it all off, before he could use the bacteria, Cooper was told he had to pay a \$1,000 permitting fee. How many other citizens must suffer under the weight of the Code of Massachusetts Regulations before widespread reforms are won?

The Relentless Growth in Government

In 1960, federal, state, and local government spending was \$151 billion. Today, it is over \$2.6 trillion—a nearly 300 percent inflation-adjusted increase since President Kennedy took office. For every American family, government now consumes \$23,000 a year—more than twice what government spent per family in 1960.

Massachusetts State Government Today

Total spending	\$16.8 billion	In 1992, Massachusetts was well above average among New England states in per capita spending, and ranked in the top ten states nationwide	
State employees	65,000	Raytheon and Digital Equipment Corporation, the state's two largest private employers, employ 17,800 and 12,476, respectively	
Health and Human Services regional and area offices	212	Four more than the number of McDonald's franchises in Massachusetts	

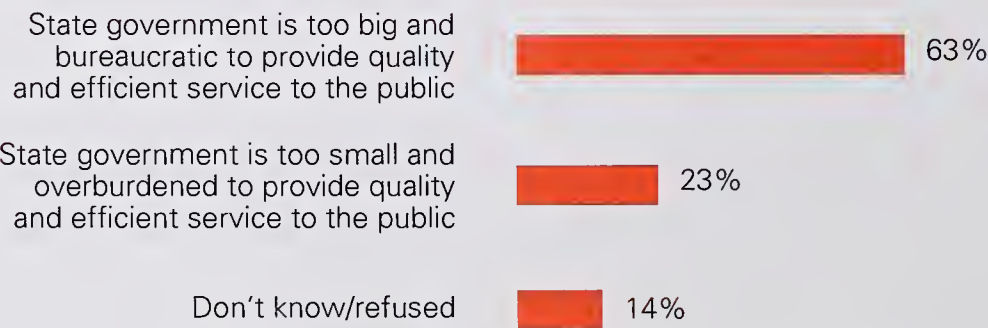
Taxpayers foot the bill, and most Massachusetts citizens—like most Americans—now spend a greater portion of their working days earning the money to pay their federal, state, and local tax bills than to feed, clothe, and house their families.

Despite this enormous growth in the size and scope of government, most Americans believe that in 1960 our public schools were better, our streets were cleaner, and our neighborhoods were safer. And they are right.

The Failure of Big Government

Today, even the most dedicated fiscal liberals quietly question whether, with continued growth in spending and the creation of even more government programs, America is on the right track. The massive state and federal programs that promised a Great Society have not eradicated poverty, ensured educational opportunity, or eliminated homelessness. Indeed, many have come to ask whether the incentives and the culture that these programs created

Which Is the Greater Problem?



Source: Survey of Americans' views on the role and responsibility of state government, KPMG Peat Marwick, Luntz Research, July 1995.

have abetted—even institutionalized—the social dysfunction that underlies poverty, crime, and despair.

The Haves are implicated [in the poverty of the poor] because over the last thirty years they radically remade American culture, turning it inside out and upside down to accomplish a cultural revolution whose most mangled victims turned out to be the Have-Nots. . . . For the breakdown of the poor to be healed and the moral confusion of the Haves to be dispelled, we need above all to repair the damage that has been done to the beliefs and values that have made America remarkable and that for two centuries have successfully transformed huddled masses of the poor into free and prosperous citizens.

—Myron Magnet, *The Dream and the Nightmare: The Sixties' Legacy to the Underclass*

This new awakening is given fullest expression in the great debate over welfare. Politicians who fiercely defended welfare entitlements now concede the need for thorough reform. Legislatures that for decades resisted even the most modest changes to entitlement programs are enacting drastic revisions to stem the contagion of intergenerational dependence.

But welfare is not the only program whose fundamental precepts, secure for decades, are under fire. Only ten years ago, it was barely permissible to question publicly whether the massive and involuntary busing of students from their neighborhood schools was what was meant by desegregation in *Brown v. Board of Education*. Today, most people agree that after twenty years of this social experiment in engineered racial balance, not only are our public schools more racially isolated than

ever, but many lie in educational shambles. Ten years ago, markets and entrepreneurship were derided, now the left and the right celebrate their creative potential to reform government.

Most Massachusetts residents have concluded that the massive social programs of the sixties and seventies have failed. In our cities, large and small, and all across the state, the story is the same. Policies that treated criminals as victims exacerbated crime. The hubris of urban renewal razed once-vibrant neighborhoods. Ill-conceived welfare programs undermined families and destroyed communities. Utopian planners constructed housing “projects” now plagued by drugs and violent crime. The imposition of rent controls meant that small property owners could no longer afford to maintain their properties, while wealthy tenants got a free ride. And the wrong-headed intervention of forced busing in the local public schools contributed to their alarming twenty-year decline.

The failure of the Great Society was not its intentions; it was its interventions. Our aspirations for a better society remain strong. Now we know that they are best advanced by fostering, not usurping, personal responsibility; by respecting, not obviating, community and religious organizations; by unleashing, not undermining, private initiative. In short, we have learned that in government, less is often more. In this spirit, we must now remake Massachusetts state government.

More Programs, More Problems

Too often, special interests, politicians, and the media reflexively turn to state government for another “program” aimed at addressing a newly identified “need.”

Too rarely have we stopped to question whether it is government’s responsibility to step in at all. Is the need fundamental? Can government alone provide the service, or would the need be better addressed through private initiative?

Government should offer a new service only when it is essential and when the private sector cannot, or will not, provide it. Do we really need Correction Officer Farmers, for example? Lawmakers must resist the temptation to show “leadership” in launching a new service. In fact, government’s involvement, fueled by coercive taxation, will often suppress private-sector responses. We pay not only in higher taxes, but in the erosion of those vital institutions that mediate between individuals and government—voluntary associations, charities, non-profit organizations, religious groups, cultural and neighborhood organizations. In short, all the community institutions that enrich private life but that big government supplants.

And as we know, once government steps in, it never steps out.

In all likelihood, the service will be expanded and its cost increased. A constituency group forms (composed mostly of

those employed in providing the service), reports that the need remains, and calls on the Legislature to expand funding. Ironically, the extension of the service in many cases exacerbates dependency upon it.

Once one of these bureaucracies or programs comes into existence, it's got more lives than Freddy Krueger, since you can never kill it off without political cost If a program fails, government historically hasn't gotten rid of it, it has slapped another program on top of it. It's like adding a story of Lincoln logs to a house of cards. So we wind up with this hideous cobbled-together contraption that costs a fortune and works as well as any machine held together with rubber bands, baling wire, and chewing gum could.

—Governor William F. Weld

Too often, the program continues not because it works, but because politics and the budget process keep it alive. Is the service attaining the outcomes for which it was established? Have teens really learned how to reduce the risk of HIV infection? Is an agency successfully placing children in safe homes? Often no one really knows.

Soon enough, a special interest demands that a splinter agency be set up just for itself. Its population is different than that of the original agency—even if the services provided are the same. Later, a third agency is established to “coordinate” the two, to provide “oversight.” Services are duplicated, administrative layers accumulate. High-priced administrators are hired. New offices are leased. Regional offices are launched. Costs spiral.

That's how we ended up with a Department of Education, an Executive Office of Education, a Higher Education Coordinating Council, and a Board of Education. Not to mention a Massachusetts Jobs Council, a Department of Employment and Training, an Employment Services Program within the Department of Transitional Assistance, a Massachusetts Rehabilitation Commission, and 49 separate job training programs. Currently, we have a Massachusetts Office on Disability, a Massachusetts Rehabilitation Commission and its Division of Disability Determination Services, a Massachusetts Developmental Disabilities Council, an Information Center for Individuals with Disabilities, a Division of Disability Determination, an Office of Disability Prevention within the Department of Public Health, a Disabled Persons Protection Commission, an Administering Agency on Developmental Disabilities, and an Architectural Access Board.

Getting the Commonwealth's Fiscal House in Order: The Weld-Cellucci Administration's Record

When Governor Weld and Lieutenant Governor Cellucci were elected in 1990, not only was state government bloated, it was out of control. Convinced it could be all things to all people, each year it had taxed more and spent more. Then the fiscal crisis struck.

By the time Weld and Cellucci took office, the state faced a \$1.8 billion deficit. Unemployment approached double digits. To pay its debts, the state was borrowing a billion dollars a year from Wall Street. Taxpayers were hit with two consecutive billion dollar tax increases. The state's credit rating was one notch above junk bond status.

Over the past five years, the Administration has worked in partnership with the Legislature to get our fiscal house in order. The resulting string of six balanced budgets has yielded an unprecedented quadruple upgrade in our bond rating. Not only has the deficit been eliminated, a rainy-day fund of \$425 million now exists in case of emergency. There has been no new deficit borrowing and no new taxes—in fact, we have cut taxes ten times.

We have reduced the size of the state government, slashing the workforce by 8,000 employees.

We had to do less, and we had to do it fast. Governor Weld and Lieutenant Governor Cellucci moved quickly to reform the General Relief welfare program, originally designed to provide a monthly stipend for those awaiting eligibility for social security disability benefits. This program had grown to a \$200 million entitlement program that provided checks to drug addicts, ex-convicts, sufferers of “seasonal disorders” and “situational anxiety,” and to anyone overweight and over 45 years of age with no stable work history. (Governor Weld has suggested that he himself would have qualified for welfare under this category.) Lax medical

screening permitted the program's caseload to grow by more than fifty percent between fiscal 1988 and fiscal 1992.

In the summer of 1991, General Relief was overhauled and certain categories of eligibility were eliminated. Its caseload was cut by one-third, and its budget by half. Nearly 25 percent of the former recipients who had claimed to be disabled did not even reapply under the stricter standards.

Setting a New Course

With the fiscal problems behind us, it was time to fix state government.

First came strengthening government's core functions. The Weld-Cellucci Administration focused on crime, suspending inmate furloughs, increasing the number of inmates on work crews, and opening parole hearings to victims and their families. At the insistence of the Administration, the Legislature enacted truth-in-sentencing, eliminating early release through parole and creating a new sentencing commission. It filed juvenile justice legislation to try violent youthful offenders as adults. New drunk driving laws lowered the incriminating blood alcohol content to .08 for adults and .02 for juveniles, and imposed harsh sentences on repeat offenders. Child abuse was made a felony, the definition of child abuse was expanded, and abusers faced more severe penalties. Reforms were enacted to allow judges to consider the danger a defendant poses to the community in setting bail.

The Administration also moved in to help those who cannot help themselves, another core function of government. It cracked down on welfare fraud and put those who really needed help at the head of the line. In July 1991, the total number of AFDC recipients in Massachusetts was almost 106,000; four years later, that number was just over 92,000. This huge reduction in the welfare rolls came even before the enactment of the Administration's new welfare reform law, touted as the most comprehensive in the nation. It is estimated that this law will compel 22,000 additional recipients to find jobs within the next year. As Welfare Commissioner Joseph Gallant put it, "The word is out that if you come to Massachusetts, there is help for you, but only if you are willing to help yourself."

The Administration addressed other core functions as well. It returned hundreds of millions of dollars of additional aid to cities and towns to strengthen their local schools. It moved dependent health and human services clients from obsolete state institutions to community-based settings. It secured over 40,000 acres of prime open space. It repaired or replaced 783 bridges in its first three years, while more than doubling the percentage of state highway pavement considered in excellent condition.

Now 180,000 Massachusetts residents are back to work. The Administration has put more than \$600 million of tax and fee relief annually back into the pockets of taxpayers.

Along with the recovery of the economy have come annual increases in the state's revenues. With the money there, and the special interests forever clamoring, lawmakers have generally not been able to resist spending it. The surest way to prevent that would be to shrink the size of government and at the same time cut taxes further.

We have gone as far as we could with the existing structure of state government. Now it is time to knock that structure down, and to rebuild from first principles on up.

Returning to First Principles

If we seek to define the proper role of government, we could do worse than to take a cue from our founding fathers. The Declaration of Independence, after all, spells out why we need government. Its reasons are refreshingly modest: to secure one's inalienable rights to life, liberty, and the pursuit of happiness.

[A] wise and frugal government, which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government, and this is necessary to close the circle of our felicities.

—Thomas Jefferson, *First Inaugural Address*, March 4, 1801

The authors of the Constitution were painfully aware of the dangers of benevolence. They routinely refused to spend public money for the relief of one group of people or another, because the Constitution did not enumerate such a power.

Thomas Jefferson was especially concerned with the clause in the Constitution allowing Congress to “promote the general welfare of the United States,” insisting in later years that this meant only those powers specifically enumerated. His uneasiness, of course, proved justified: In this century, the “general welfare” clause has been used over and over to promote special interests at the expense of the common good.

The founding fathers' first principles remind us of the folly of an ever-expanding government. The solution is not simply to spend less. Government ought not do more with less—it ought to do less with less.

2 THE PRIMARY FUNCTIONS OF STATE GOVERNMENT

Starting Anew: Massachusetts Government for the Next Century

Imagine that we could start out fresh—build the state government that we need for Massachusetts in the 21st century—not just tinker with the one we’ve got.

Few of us—except a few special interest lobbyists—would defend the bloated, duplicative, and costly structure that we now have, or call for its preservation at taxpayers’ expense.

Instead, we’d ask: What are the core functions of government in today’s society? Which activities are best left to private initiative? If government must step in, which functions are the state’s responsibility, and which are better addressed by local government, or by Washington?

With all due respect to Bill Clinton, a real Middle Class Bill of Rights ought to read this way: “The citizen has a right to have only the government that is absolutely necessary.” Or if we wanted to be really extreme, we could say, “The powers not delegated to the government by the constitution are reserved to the people”! We’re raiding the citizen’s paycheck to pay for all this stuff—we’ve got a moral obligation to take as little as possible.

—Governor William F. Weld

Governor Weld and Lieutenant Governor Cellucci believe that there are only a few things that we really need government to do for us: ensure the public safety, help those who can’t help themselves, serve as steward for our public property, and ensure an educated citizenry.

Essential Functions

► Ensure Public Safety

First and foremost, government should protect people from being injured by others or by physical disasters.

Our society was founded on the principle of individual liberty. For liberty to be protected, there must be order, for in its absence we cannot be secure in our persons or in our property. It is the role of the police to intervene when security is threatened and liberties are violated.

Policing is properly a local function, with the help of specialized services from the State Police and federal law enforcement. But once offenders are apprehended, it is the state’s responsibility to prosecute and punish through the offices of the district attorneys, the courts, and the Department of Correction.

► **Help Those Who Can't Help Themselves**

State government ought to help care for those with limited ability to care for themselves. Not those that don't want to work—those who cannot.

- First, state government should come to the aid of children who are the victims of parental neglect and abuse, and terminate the rights of parents who have demonstrated that they are unfit. In partnership with the state's charitable and religious organizations, the state must then secure foster families for the children it takes into its custody and speed their permanent placement with the thousands of Massachusetts families seeking to adopt.
- Second, state government should help people with physical and mental challenges to lead independent lives. Some of these individuals, with persistent and severe disabilities, may remain profoundly dependent all their lives, but can nonetheless live in the community. A far greater number, provided specialized education and rehabilitative services, can be productively employed and lead largely independent lives.
- Third, state government should sometimes provide a helping hand. Some adults inevitably fall on tough times. Some young people have trouble

finding employment. Some adults lose their jobs, and need time to develop new skills and rejoin the workforce. Transitional housing, food and clothing assistance, day care, and unemployment benefits can hasten their return to self-reliance. The challenge is to foster self-sufficiency, not create further dependency.

- Fourth, state government should help our elders enjoy lives of independence and dignity in the company of their families and friends.

[Massachusetts seniors are] an invaluable and unbeatable resource . . . the roots in every community, every neighborhood and every family across the Commonwealth.

—Governor William F. Weld, age 50

- Fifth, the state should preserve the public health. Demonstrably effective measures to prevent public health hazards and the spread of disease are appropriately undertaken by government. The state should expand access to health insurance and administer health insurance programs for the elderly and the disabled.

► **Serve as Steward for Our Public Property**

Economies of scale require that certain physical assets need to be held in common. State government ought to take care

of those assets, including our natural resources of parks, open space, and rivers, and our built resources, like roads and bridges.

- *Natural Resources*

The environment is an exception to my libertarian credo. It's an area where the government has to be more assertive rather than less, because the economies of scale are enormous, and it's just not in the financial interest of private business to do the work that has to be done to benefit all of us.

—Governor William F. Weld

We do not own the rivers, forests, sea and sky, nor our flowers, animals, birds, and fishes—they are our legacy to our children. The quality of the natural environment we leave them is as important as the schools and roads we build, and says as much about our concern for their future.

- *Essential Infrastructure*

Infrastructure investment is directly related to the ability of the economy to grow and increase its productivity. . . states which invest more in infrastructure tend to have greater output, private investment and employment growth.

—Choosing to Compete: A Statewide Strategy for Job Creation and Economic Growth (1993), A Collaboration of the Executive Office of Economic Affairs and the University of Massachusetts

The economy of the next century will rely, as never before, on an advanced infrastructure capable of moving people and goods at a competitive price. As the backbone of the market economy, such a trans-

portation system transcends individual interests and private property. Because an effective system spans all of the Commonwealth's communities, operation needs to be in the hands of state government, rather than local entities.

► **Ensure An Educated Citizenry**

Lastly, government has a responsibility to ensure that the citizenry is educated. As unskilled jobs become increasingly scarce, a high-quality education becomes ever more crucial to economic prosperity. Government must make good on its commitment to a sound education so that people can fulfill their responsibilities in our democracy and participate successfully in the global, knowledge-based economy.

Responsibility for education rests ultimately with parents. Different families will have varying educational needs and priorities, and should be free to pursue their own means of attaining them. The state should ensure adequate funding for primary and secondary education, but should no longer monopolize its provision.

Over the last quarter century, we have seen the devastating results of government intervention in the schools—by the federal government, state agencies, and the courts. As schools have been charged with catering to every conceivable political and social agenda, the fundamental

focus on academic excellence has been eroded. Special interests purporting to represent those who work in the system have gained vast political power over the Legislature, using it to place their goal—a job for life—over students’ needs for a quality education. Today, many of our schools thus function as employment, rather than education, systems.

We now know the hallmarks of effective schools: vibrant leadership; a clear academic mission; a community of teachers and parents joined to the school by choice rather than assignment; and, most importantly, the freedom—from government and contractual rules—to realize the school’s mission. All of the state’s educators should participate in building a system of such schools.

The state’s role should be to ensure that every community, regardless of its wealth, can afford adequate funding for its schools. That is the purpose of the foundation budget, the cornerstone of the 1993 Education Reform Act. Governor Weld and Lieutenant Governor Cellucci are committed to its full funding. In addition, the state should provide essential oversight of public schools, principally by developing a core curriculum that establishes high academic standards for all these institutions.

Staying Out of the Way

Finally, a word on what state government should *not* do.

It should not meddle in the market. Government should not “pick winners” by substituting the judgment of state planners for the market of private individuals.

It should not interfere in individuals’ private lives. The government has no business intruding, for example, in such personal matters as sexuality and a woman’s right to choose.

It should not attempt to protect citizens by denying them personal responsibility. We are doing no favors by consigning children to a failing school, and refusing their parents the right to choose a better one. We are harming, not helping, young parents and their children when we make collecting welfare more rewarding than going to work. We are penalizing safe drivers, and acquitting reckless ones, when we dictate prices for insurance.

I’m going to be unusual and suggest a cut to a program from which I personally benefit. I was dumbfounded when I moved into this state and learned that I could call up the state Mosquito Control Project as many times a year as I pleased, and have them come out to spray my property at no charge. It’s a nice service, and I have taken advantage of it because it is there, but I see no reason for it to be free. If I have to pay a contractor to exterminate my termites and rodents, why does the state offer to exterminate my mosquitoes at no charge?

—C.D. Tavares, Citizen,
Northborough, Massachusetts

It should not mandate the means to a cleaner environment, only the results. State bureaucrats should stop requiring businesses and individuals to implement, often at great expense, only one way—government’s way—to cleaner air and water. Instead, the state should specify the environmental ends to be achieved, and free industry to determine the most cost-effective way to get there.

That government is best which governs least.

—Attributed to the early nineteenth century United States Magazine and Democratic Review

Guiding Principles

Having determined what government should do, it is appropriate to consider next how it should do it.

Four new principles would guide a right-sized state government for Massachusetts:

► Put the Citizen First

The principles that government has found hardest to honor are its first principles: preserve individual freedoms; prefer self-governance to any other kind; tax reluctantly; spend little and work constantly to spend less; and treat taxpayers as our most important client.

We have learned that when government taxes its productive citizens heavily, it denies them liberty. Also, under the cover of benevolence, it often denies the liberty of the very citizens it claims to help.

Our productive citizens now spend much of their days working and paying for big government. For every additional dollar taken from them in taxes, a dollar less is available to improve their lives and that of their families in the way that they—not government—know best. Clothing is not bought. The home is not repaired. The visit to the dentist is postponed. And a dollar less, in turn, is invested by the shopkeeper, the home builder, and the dentist. Their lives, too, are diminished.

Paternalistic government sees its clients as victims incapable of making responsible decisions about their lives: about how they shall earn a living, where they shall live, and where their children will go to school. When, in the name of benevolence, welfare punishes work, children are stuck in bad schools, and criminals are released back to the streets, then big government’s prophecy becomes self-fulfilling. By denying liberty, big government enforces dependency, and ironically creates the “victims” it is only too delighted, for self-serving reasons, to discover.

State government must reverse this course.

Our policies must empower individuals to make choices about their lives. Today's client must be treated as tomorrow's taxpayer. Every social program must have as its single objective to move clients to self-sufficiency.

► Demand Measurable Results

Every dollar spent by state government is a dollar taken from taxpayers. They reasonably expect that it will be well spent: to fund an essential public purpose at the lowest possible cost.

Too often, this is not the case. Millions of dollars are thrown away each year on inessential or just plain wasteful programs. Others are spent to staff services that could have been purchased on the market for far less. Millions more are invested in programs for which there are, frankly, no demonstrable results. The special interests insist on it.

Public officials know this. They know that no small part of what they tax and spend each year will be wasted. Taxpayers sense this, and their faith in government is further diminished.

The new state government must insist that every appropriation be a wise investment:

- First, outright waste must be eliminated—government has no business running a “stress house” providing

psychological counseling for MDC employees who've had a bad day (which will cost the taxpayers \$100,000 in fiscal year 1996).

- Second, wasteful duplication must be ferreted out—there is no reason for multiple agencies, each with its own administrative, personnel, and legal staff, providing the same or similar services.
- Third, no goods or services should be bought at above-market prices—government spends more to buy a personal computer (and it buys thousands each year) than Lechmere charges you and me to buy just one. It is inexcusable that, despite its size, state government pays much more—not less—than the going rate to lease office space.

By the time you plow through the bid system paperwork, you may end up buying a less-than-desirable product. And you are likely to be paying more than you would on the open market.

*—David Heiniluoma,
Computer Programmer,
Holden, Massachusetts*

- Lastly, government must stop paying for programs without demonstrable results—huge programs that seem to just grow and grow and grow.

If you are really serious, get rid of these job-training programs that go nowhere, and use on-the-job training. We guarantee these programs funding, and they guarantee us nothing in return for the millions we spend. The good programs don't need government funding. Job-training programs that don't lead to jobs make no sense, and shouldn't be funded. I heard of one program that was recruiting 70- to 80-year-old retired people to fill their classes [so they could] maintain state funding. Why not pay private training contractors based on the number of jobs they fill, rather than on how many people they squeeze into their classrooms?

—*Caller from Boston, Massachusetts,
1-800-411-CUTS Hotline*

Look at where that's gotten us. Health and human service spending now comprises half of the state's budget. Of this, more than one billion dollars funds contracts with 1,200 private human service providers. In most of these contracts, the state still buys *inputs*—hours of staff time, beds in a facility, caseloads of clients—rather than *outcomes*—drug abusers permanently off their habits, children adopted by caring families, welfare recipients proudly earning paychecks.

Public entrepreneurs know that when institutions are funded according to inputs, they have little reason to strive for better performance. But when they are funded according to outcomes, they become obsessive about performance.

—*David Osborne and Ted Gaebler,
Reinventing Government, 1992*

The new state government should base its contracts on performance. After all, if the contract is not getting results, why is the state continuing to spend the taxpayers'

money? And why should the state make purchasing decisions based solely on finding the lowest cost inputs (the lowest salaries and overhead) when what it should care about is achieving the best *results* for the lowest cost?

Performance contracting takes many forms:

- ***Outcome-based Contracting.*** The state pays for a measurable result, not just for trying. For example, rather than buying beds in a homeless shelter, the state would pay the shelter for successfully moving individuals into transitional or permanent housing.
- ***Consumer Choice/Vouchers.*** Clients choose among multiple providers, selecting the service that is right for them. Providers must constantly improve the value of their services, or lose customers.
- ***Managed Care.*** A client population is afforded access to services as medical or other needs arise, and the state pays for them. Overall state spending for a population of clients is managed while quality of care is held to established standards. Under benchmarking, multiple providers collaborate to improve population-wide indicators (such as teenage pregnancy rates or emergency room visitation rates). The best practices are funded in subsequent contracts and ineffective interventions are discontinued.

► Rely on Markets

All in all, the best way to improve a public function is to subject it to competition. That's what privatization is all about. It's not about public versus private delivery of state services—it's about monopoly versus competition.

Common sense tells us that the best way to find out if something could be done better or less expensively is to ask someone else what he would charge to do it.

Every public manager should be striving to downsize and streamline state government while preserving or improving the quality of essential services. They must be

It is better for the public to procure at the common market whatever the market can supply: because there it is by competition kept up in its quality, and reduced to its minimum price.

—Thomas Jefferson

as hard-headed as the executives of a corporation. Taxpayers can no more afford to pay above-market prices for services than a corporation can afford to carry a profligate division.

They face an uphill battle.

All too often, the onerous “work rules” of collective bargaining agreements lock in inefficiencies and drive up costs. Many contracts specify that only one kind of

Getting Results: Performance Contracting in Massachusetts

Performance contracting is underway and getting results in the Commonwealth.

- The Department of Social Services' new adoption contract identifies the major milestones in the adoption process—evaluating children for placement, studying the suitability of families wishing to adopt, identifying and matching children with appropriate families, providing post-placement support services, and legalizing the adoption in court—and pays providers a fixed amount for completing each milestone. Combined with statutory reforms, performance contracting has led to a sharp increase in the rate of adoptions. Only 599 adoptions were completed in fiscal year 1992. In fiscal year 1994, DSS completed 1,068 adoptions, exceeding its target of 1,000. Only 18 percent of adoptions involved children of color in 1992. In 1994, that percentage rose to 50 percent.
- The Department of Transitional Assistance provides recipients with vouchers for day care, redeemable at participating child-care providers in their regions. Vouchers create a market for day-care services and empower parents to evaluate and choose providers most suitable to their child-care needs. Not surprisingly, families strongly prefer vouchers over contracted day-care assignments.
- In the Department of Medical Assistance, a new managed care contract has reined in spiraling costs for substance abuse and mental health services to Medicaid recipients. An independent evaluation found that in the Department's first year of managed care, access to services increased, the quality of services remained constant, and the state saved \$47 million. The bulk of these savings were attributed to less expensive residential programs, the development of a continuum of alternative health care services, and the ability of contractors to negotiate competitive rates with providers.

employee can perform a given task—thereby requiring two employees when one could have done the job. Others guarantee lost time. For example, before highway maintenance was privatized in Massachusetts, rules required that highway personnel be given ten days notice to report to a different work site. In the event of an emergency, personnel had to report first to their district office, only to be told upon arrival to turn around and drive to the emergency site. The charade continued each day for the duration of the assignment. A private vendor, free of these absurdities, can deploy human resources far more efficiently, and provide the services at lower costs, with the result that employees make no less and the work satisfies more.

Privatization and the Clinton Administration

We know from experience that monopolies do not serve customers well. It is an odd fact of American life that we attack monopolies harshly when they are businesses, but embrace them warmly when they are public institutions. In recent years, as fiscal pressures have forced government at all levels to streamline their operations, this attitude has begun to break down. Governments have begun to contract services competitively; school districts have begun to give their customers a choice; public managers have begun to ask their customers what they want.... This trend will not be reversed.... By creating competition between public organizations, contracting services out to private organizations, listening to our customers, and embracing market incentives wherever appropriate, we can transform the quality of services delivered to the American people.

—Vice President Al Gore, *Creating a Government that Works Better and Costs Less*,
Report of the National Performance Review

Choice and competition provide the best outcomes for taxpayers at the lowest costs: empower the taxpayers to choose; purchase outcomes, not activities; buy, don't make; contract, don't hire; offer, don't dictate; enable, don't entitle; seek out private solutions.

Privatization initiatives undertaken during the first term of the Weld-Cellucci Administration have already saved over half a billion dollars. Quality went up, and with it, customer satisfaction.

When the Departments of Mental Retardation, Mental Health, and Public Health closed obsolete state institutions and transferred their clients to private community settings, patient representatives reported that patients were receiving comparable or improved care.

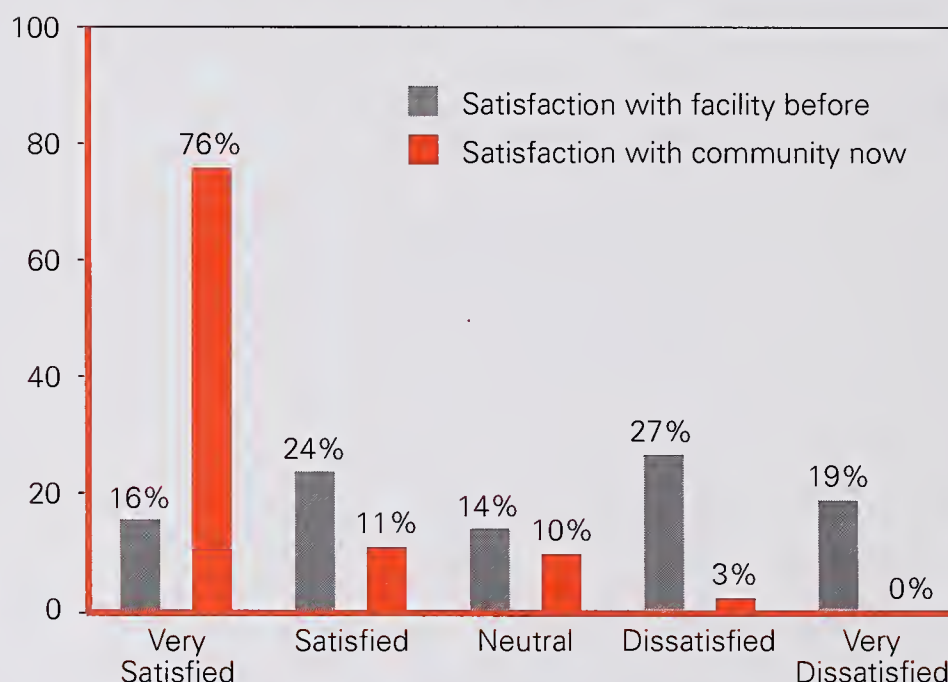
- When public health patients were transferred to private, community-based facilities, over 80 percent of respondents rated the quality of care as “excellent” or “good” in all nine aspects measured, from the availability of staff to the quality of food and nursing care.
- When individuals with mental retardation were transferred from a state-run institution to private community settings, patient satisfaction soared, with 87 percent of families “satisfied” or “very satisfied” with their new settings, only 3 percent “dissatisfied,” and none “very dissatisfied.”

Anyone who doubts that the care of the developmentally disabled has improved under privatization in Massachusetts only needs to look at the records of Judge Tauro's court and the consent decree when our service was 100 percent state operated. The abuses were unmentionable.

*—Albert W. Bleau, Jr.,
Executive Director,
Greater Lynn Mental
Health and Retardation
Association, Inc.*

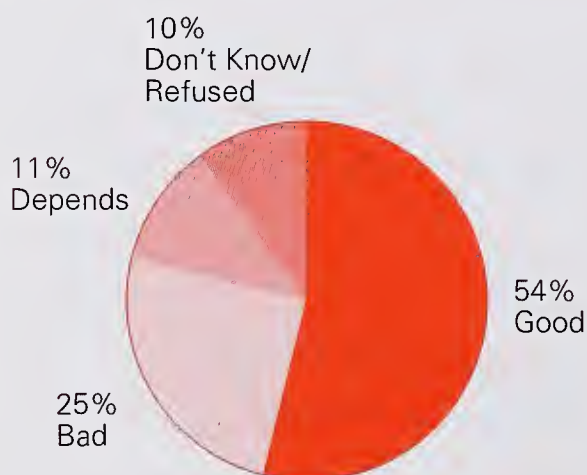
When the new privately managed Renaissance charter public school opened in Boston in September, parents were elated. For the exact same per-student spending as Boston's public schools—\$8,505—the students attending the new school could obtain a world-class education: high aca-

Satisfaction of Families of Former Residents of the Department of Mental Retardation's Belchertown State School



demie standards from a brand-new curriculum; foreign language classes starting in kindergarten; a newly renovated school building; competitively-selected teachers; a free computer in every home; a school day open from 7:30 in the morning to 7:30 at night; a longer school year. All of this was possible because the Boston Public Schools' wasteful public bureaucracy was taken out of these children's lives—and out of their parents' wallets.

Is Privatization of Government Services a Good Thing or a Bad Thing?



► Simplify

Complicated government loses sight of its clients and its purpose. It stifles private undertakings and obscures accountability for public ones. It entrenches special interests and undermines the public interest.

Source: Survey of Americans' views on the role and responsibility of state government, KPMG Peat Marwick, Luntz Research, July 1995.

When the private market can address a need, the state should get out of the business. When two agencies provide identical services to different populations, merge them. When technology permits work processes to be radically simplified, automate them. When parallel agencies main-

tain separate regional offices, combine them. When rules and procedures tie up private initiative, rewrite them.

The Massachusetts General Laws now devour 84 volumes and over 41,000 pages. The state's Code of Massachusetts Regulations fills another 25,000 pages. The Executive Branch of state government employs 627 lawyers, paralegals, *et cetera*—just to keep track of all these rules, and to draft ceaselessly more of them. Ropes and Gray employs only 309 attorneys, and it's the largest law firm in Boston.

In the new state government for Massachusetts, the watchword must be simplicity—consolidate; unify; focus on what you get, not how you get there.

On these principles we can now build the Massachusetts state government we would choose: lean, focused, affordable.

Filing Taxes by Phone: Automation at Work

In 1995, the Massachusetts Department of Revenue (DOR) introduced *Telefile*, a first-of-its-kind over-the-phone tax filing system. Last spring, 172,000 citizens saved time, frustration, and postage by dialing up this innovative technology. Telefilers fill out a short worksheet, and then enter their tax information using their touch-tone phones. The entire process takes about 18 minutes—ten to complete the worksheet and eight for the call. The system can be accessed 24 hours a day, and—best of all—refunds are issued within three or four days of the call. DOR Commissioner Mitch Adams estimates that within five years, the majority of returns will be filed via *Telefile*, a benefit not only to the citizenry, but to the state as well. Since *Telefile* allows taxpayers to input information directly into DOR's computers, fewer state employees are needed for data entry, and fewer mistakes are made. Once the state reaches 400,000 *Telefile* returns, filing costs will shrink by 50 percent, and savings will total approximately \$250,000.

Overview

The new state government for Massachusetts that Governor Weld and Lieutenant Governor Cellucci propose would be leaner, more focused, and more affordable. The existing 11 secretariats would be replaced by six secretariats and a Board of Education and Training, focused on the primary functions of government. Not only would there be fewer secretariats, there would be considerably fewer agencies: 25 departments would replace the current 101 agencies. And an obsolete and needless layer of government—counties—would be eliminated entirely. In each of the new secretariats, a simpler structure and new ways of doing business would save the taxpayers millions of dollars and provide them better services. This new government would take advantage of the many benefits of computer technology that consumers now enjoy. And the duplications and inefficiencies of the existing state government would be eliminated.

► Public Safety

The secretariat and its three departments would provide a unified and automated system of criminal justice and emergency preparedness.

► Public Property

The secretariat would steward state government's built resources: maintaining and expanding a first-class transportation system, and managing the properties that house state government.

► Family Services

The secretariat and its four departments would procure, finance, and monitor the delivery of services to protect children, help those with developmental and physical disabilities, provide limited transitional assistance to the truly needy, and promote public health.

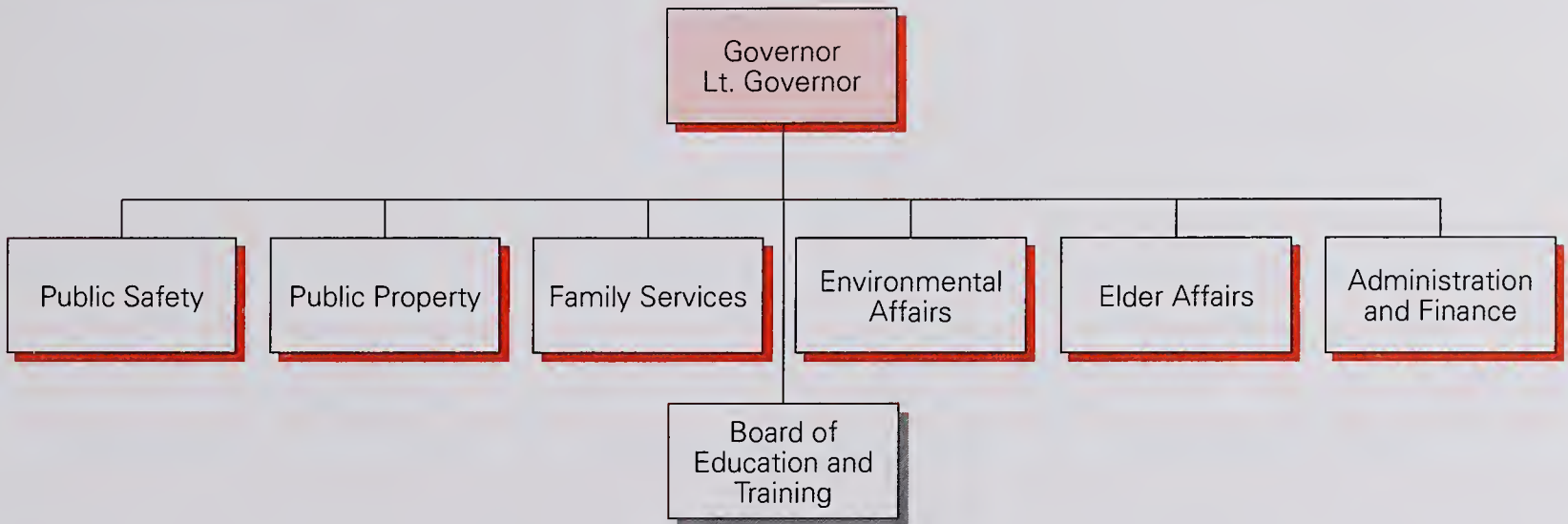
► Environmental Affairs

The secretariat would preserve our open spaces, public waterways, and beaches, and safeguard the environment.

► Elder Affairs

The secretariat would provide for the special transitional needs of our older citizens, working hand-in-hand with our local councils on aging throughout the state.





► **Education and Training**

The new board would bring together K-12 education programs, higher education, and job training efforts now scattered across 55 agencies into a new system that offers opportunity and choice for the life-long learning needs of Massachusetts' citizens.

► **Administration and Finance**

To support these secretariats, Administration and Finance would continue to perform internal business functions—personnel, procurement, and revenue collection—and would oversee a new consolidated Department of Licensing and Regulation.

The functions of the former Secretariat of Transportation would be assumed by the new Secretariat of Public Property. Many of the functions of the Secretariat of Labor, including the enforcement of labor laws and the investigation of complaints,

would be transferred to the Office of the Attorney General. Communities and Development's responsibility for housing programs would be transferred to the Massachusetts Housing Finance Authority, a quasi-public agency. The Secretariat of Economic Affairs would be eliminated, and some of its business development functions reallocated to the Massachusetts Port Authority and the economic development quasi-public agencies; the Governor's Office would take a more central role in driving down government-imposed costs of doing business in the Commonwealth. Essential licensing functions of the Consumer Affairs Secretariat would be transferred to the Department of Licensing and Regulation; the Attorney General's responsibility for prosecuting consumer fraud would be expanded.

The actions needed to reorganize government into six new secretariats and a Board of Education and Training are described in the following sections.

Before and After

	Today	Downsized
Levels of government	3 <ul style="list-style-type: none"> • State • County • Municipal 	2 <ul style="list-style-type: none"> • State • Municipal
Cabinet secretaries	11 <ul style="list-style-type: none"> • Administration and Finance • Communities and Development • Consumer Affairs • Economic Affairs • Educational Affairs • Elder Affairs • Environmental Affairs • Health and Human Services • Labor • Public Safety • Transportation and Construction 	6 <ul style="list-style-type: none"> • Administration and Finance • Elder Affairs • Environmental Affairs • Family Services • Public Property • Public Safety
State agencies	101	25
Boards and commissions	486	263
Cost	\$16.8 billion	
Taxpayer savings	\$659.3 million	

PUBLIC SAFETY



“To unify and automate our criminal justice agencies so that they may work in concert to arrest, prosecute, incarcerate, and reintegrate society’s offenders, thus enhancing public order and safety”

Our criminal justice system is a bit like an animal chasing its own tail—its goal within sight, but somehow out of reach. Our public safety institutions—fractured and paper-bound—are not always an even match for career criminals. Public safety is compromised and criminals slip through the cracks.

With hundreds of points of contact between an offender and this system—local police, county sheriffs, state police, district attorneys, juvenile courts, district courts, public defenders, probation, state corrections, parole—there are many opportunities for things to go wrong—to err in recording critical facts, to bungle a case for lack of communication, to mishandle evidence inadvertently. As a result, it’s too often the criminals who have the edge, not their victims.

We have the fiscal and human resources to do much better. We need to break down the barriers to cooperation between our law enforcement agencies, to refocus on

new goals, and, above all, to access technology to pull us out of the dark ages. Newly equipped with today’s technology, we could quickly identify, reliably track, and swiftly apprehend offenders. We could prove criminals guilty, and punish them effectively. Our police forces could have the ability to check fingerprints electronically, instantly scan criminal history systems databases, and enter arrest information that automatically feeds into state and federal databases.

Ensuring the Public Safety — An Essential Government Function

First and foremost, government should protect people from being injured by others, or by physical disasters. This is the mission of the Secretariat of Public Safety.

Policing is properly a local function, with the help of specialized services from the State Police and federal law enforcement. But once offenders are apprehended, it is

the state's responsibility to prosecute and punish through the offices of the district attorneys, the courts, and the Department of Correction.

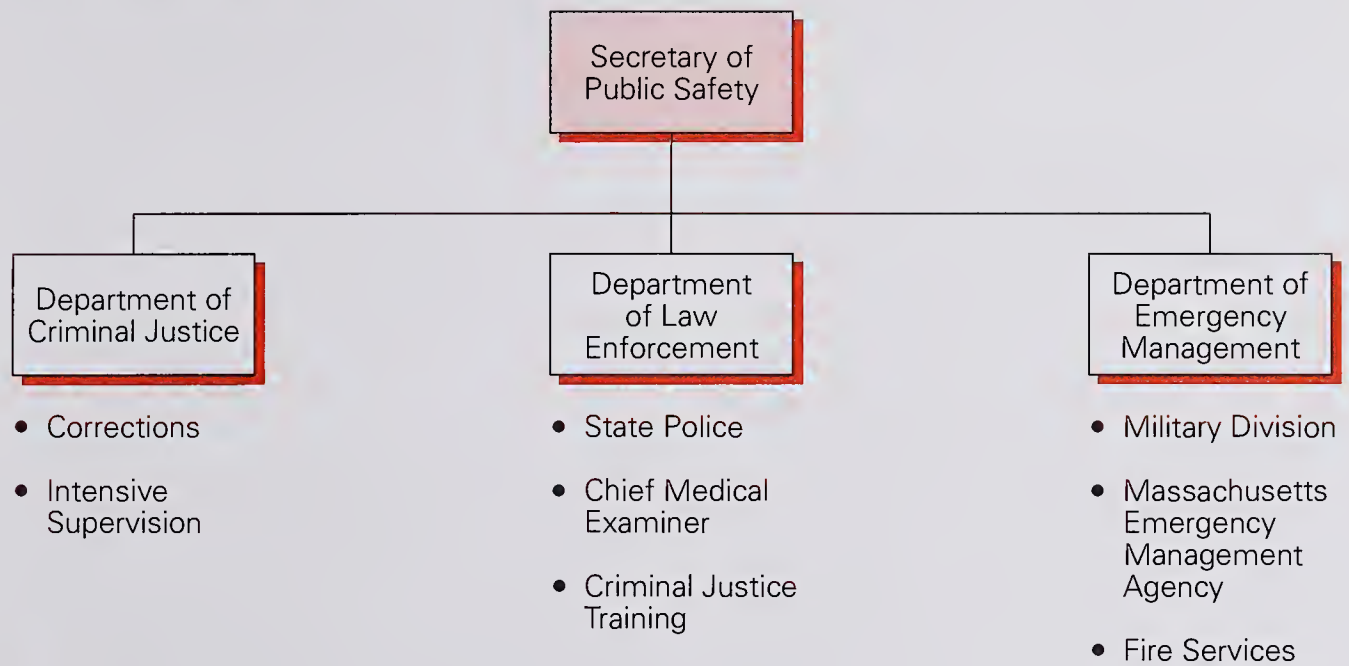
The Guiding Principles

- *Put the Citizen First.* Protecting our law-abiding citizens from violent criminals and all those who would violate their liberties is government's first responsibility. Citizens are not safer simply because we spend ever-increasing amounts of money trying to protect them. That money must be spent wisely. Taxpayers are willing to foot the bill for a professional police force, talented prosecutors, and secure prisons to keep our streets safe. But they rightly expect that these forces work cooperatively across institutional and cultural lines, without duplication, and with the benefit of the latest technology, to get the job done.
- *Demand Measurable Results.* In public safety, what matters is whether we are actually buying security or not. Do our corrections actually correct? Does community policing actually create safer neighborhoods? Do investigations
- produce arrests, arrests produce convictions, and convictions produce sentences?

When links in the chain of the criminal justice system are broken, the public is not secure. Consolidated planning and information technology will allow us to identify and repair the broken links.

- *Rely on Markets.* In Massachusetts, as in the nation, privatization is getting results in our corrections system. Privatized prison health care, food services, and other institutional supports have saved taxpayers millions of dollars. Now is the time to expand this proven approach.
- *Simplify.* By unifying all corrections, law enforcement, and emergency management functions into three new departments, the secretariat would eliminate wasteful administrative duplication and break down the barriers that currently undermine its effectiveness. The first step is to lift information technology, strategic planning, and certain administrative functions out of the individual agencies and to place them within the executive office.

Public Safety Organization



Public Safety Initiatives

► **Action:**
Focusing our public safety agencies on criminal justice.

Sixteen agencies and numerous boards and commissions, ranging from the Tramway Commission to the Boxing Commission, today comprise the Executive Office of Public Safety. In the new state government much of this bureaucracy would be eliminated: the Secretariat would focus exclusively on ensuring that citizens are safer in their communities, and would direct all of its resources to its core mission of fighting crime, punishing criminals, and responding to emergencies.

Public Safety would get out of the business of regulation. Those agencies and functions would be either eliminated or transferred to a new Department of Licensing and Regulation outside the Secretariat. The Registry of Motor Vehicles, the Merit Rating Board, the Board of Building Regulations, the Architectural Access Board, the Underground Storage Tank Program, and inspection programs would no longer be the responsibility of the Public Safety Secretariat. In addition, the functions of the Bureau of Special Investigations would be consolidated with

ongoing efforts at the Executive Office of Family Services to track down and eliminate welfare fraud.

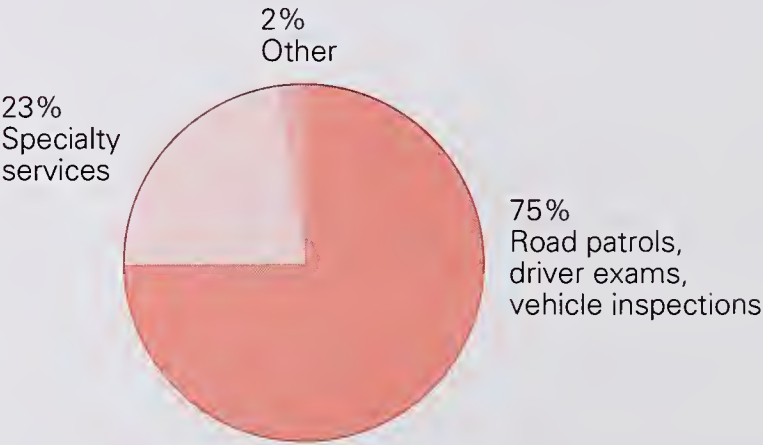
Not only would Public Safety be able to focus its energies on its core mission, but the consolidation of these regulatory agencies would save the taxpayers \$400,000.

There are other functions spread throughout Public Safety that would benefit from consolidation within the Executive Office. For example, numerous agencies are actively pursuing outside funding from various grant providers. Streamlining these efforts would ensure that they are carried out effectively, and that revenue opportunities are maximized. Under the new state government, the Executive Office would be responsible for grants management and administration. The Committee on Criminal Justice, the Governor’s Alliance Against Drugs, and the Governor’s Highway Safety Bureau would be overseen by the Executive Office. The grants functions that now reside in such agencies as the State Police, the Department of Correction, and the Parole Board would be centralized in the Executive Office of Public Safety as well. Further, the Criminal History Systems Board, the Firearms Record Bureau, and the E-911 Board would each be eliminated, with their functions absorbed by the Executive Office.

► Action:
Shift the State Police away from road patrols and toward specialty services.

Giving our State Police the right job and the right tools. Currently, about 75 percent of the Commonwealth’s 2,000 State Police officers are dedicated to road patrols, driver’s license exams, vehicle safety inspections, and commercial motor vehicle enforcement. Less than 25 percent of the force is dedicated to criminal and gang investigations, tactical operations, canine units, specialized training, and crime scene services.

State Police Current Deployment



These priorities are the opposite of what they should be. The growing sophistication and expense of crime fighting techniques, and the need for good information, demand that the police specialize in these services for the benefit of our cities and towns.

The State Police's most notable successes have been achieved through specialization. For example, they arrested a murder suspect eight months after the victim was dumped in a quarry. Thanks to the State Police forensics lab's successful experiment with rapid nitrogen freezing, they were able to lift a fingerprint off duct tape used to seal the victim's mouth.

Public safety would greatly benefit by the expanded use of such innovative techniques, and a corresponding re-deployment of personnel. There are some 12 State Police personnel assigned to electronic fingerprinting analysis, for instance. Yet with too few staff and overloaded computers, the Police cannot input any more prints. The lack of a comprehensive and up-to-date fingerprint system threatens the public by sharply increasing the odds that outlaws will go undetected. At the same time, over 100 State Police troopers spend their time administering driver's license exams to sixteen-year-olds and inspecting gas stations and school buses.

The State Police are patrolling certain state roads that the local police can and do cover. One hundred years ago, Route 1 was a major thoroughfare between Massachusetts and our neighboring states. Route 1 now winds through small, residential towns where many local police depart-

ments patrol it regularly. But, because technically it is a state highway, the state police must patrol it too.

Local police now balance patrol duties—their primary function—with maintaining stations, replacing expensive equipment, and training officers to deal with the latest in gang and drug problems. The State Police should play a greater role in acquiring capital goods, offering extensive in-service training, and providing the manpower and special technology to help local police with complex cases and unusual problems.

Regionalizing local police and fire. As State Police specialize, local police departments should organize for greater efficiency. First, they should develop, in partnership with the State Police, compatible information technology systems. Second, both local police and fire departments should explore the substantial future benefits of regionalization. Many communities could avoid the capital expense of upgrading deteriorating facilities by regionalizing their booking centers, emergency dispatching, and other functions. In addition, municipalities should explore the potential for reducing the costs of fire services by ten percent or more through privatization.

Some may object that regionalizing would increase the time needed to respond to a police or fire call, or that it would replace the local officer who knows his town and its residents with a stranger. In fact, the opposite is true. For example, regionalizing booking and administration and combining some facilities would enable local officers to spend more time on their beats, in their communities.

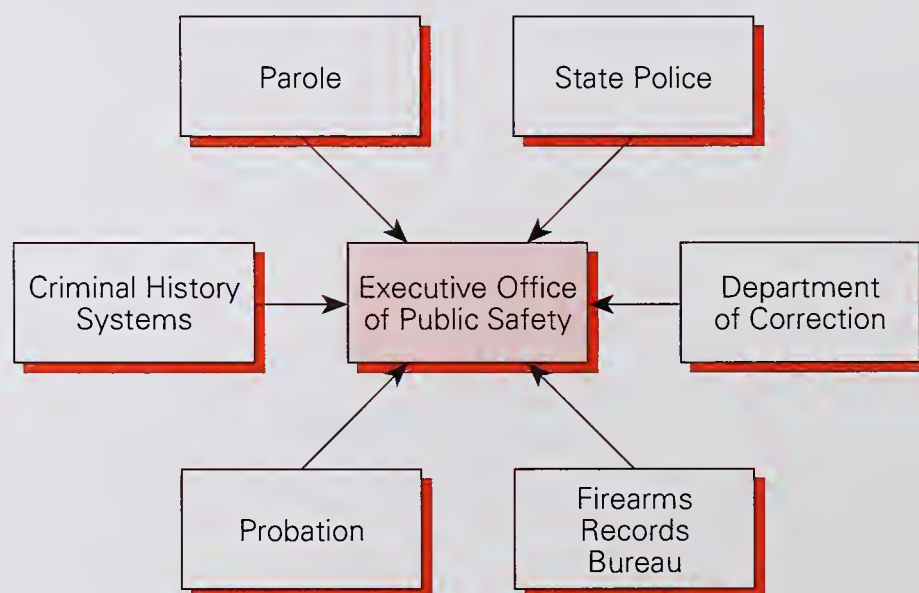
Consolidating forensics and police training. In the new state government, the State Police, the Chief Medical Examiner, and Criminal Justice Training would be consolidated into the Department of Law Enforcement.

In addition, police education requirements should be expanded and education incentives reformulated for all new recruits. In fiscal year 1995, the state spent over \$25 million on permanent salary increases for state and local officers who had obtained a higher degree. For the State Police alone, these permanent bonuses averaged \$8,600 per officer per year—higher than any other state in New England. We should instead award a one-time bonus for completing a degree, and require more than a high school degree of State Police applicants. This would continue to promote advanced education, while saving \$65 million dollars over the next ten years.

► **Action:**
Exploit information technology to arm public safety officials for the future.

It is both frightening and inexcusable that the state can fail to confiscate a firearm from a domestic batterer or a convicted felon because it is one of the 800,000 firearms whose record of sale has not yet been entered into the computer. In 1992, Daniel Bessonette shot the sister of his estranged girlfriend, her son, and her boyfriend with a registered 12-gauge shotgun that the state failed to confiscate following his 1983 conviction. We could prevent such tragedies if only our law enforcement computers were linked; the records were brought up to date; and officers, the courts, and prison officials had instantaneous access to offenders' histories.

Consolidation of Existing Public Safety Information Systems



The Governor and I have often said that public safety is the first mission of government, and the people I've been meeting certainly seem to agree. If they could ask for anything from the Commonwealth, it would be more men and women on the front lines, those cops out there walking a beat or setting up a neighborhood watch and keeping an eye on their kids.

—Lt. Governor Argeo Paul Cellucci

Today, if a parolee is questioned by local police, his parole officer can be notified automatically by the state; yet, if an individual on probation is questioned, the probation officer will not be notified through the state's computers, simply because two separate systems falling under separate jurisdictions have been developed. A defendant may be set free on low bail because the judge sees a clean-cut and polite individual, but unable to confirm his identity, does not see the record of his violent crimes. The trooper who writes a warning ticket to the motorist with an expired inspection sticker may unwittingly let a wanted rapist go scot-free. A prison could admit an individual who has been paid by the actual convict to serve time for him in jail, because the individual's identity cannot be verified.

To bridge agencies' islands of automation, all funding and personnel for information technology, strategic planning, grants management, and certain administrative functions would be transferred to the Executive Office. These actions, combined with the

transfer of the Department of Probation to the Public Safety Secretariat, would sharply improve planning and oversight.

The State Police is just one agency that could benefit from tapping state-of-the-art information technology. One goal is to automate field services and eliminate wasteful paper pushing. Technology available today would permit a trooper to process electronically citations and arrests in a fraction of the time it now takes. This step, however, needs to be coordinated with the development of our local police forces.

In the next fiscal year, the Secretary should develop common standards for an information technology infrastructure. With these standards, criminal justice agencies could undertake the critical software and hardware enhancements to their present computer systems that would permit offender information to be accessed and updated instantaneously and across agencies. Within five years, the courts, police, and correction officers should have the benefit of this new approach. Within ten years, we should look forward to other new technologies that allow corrections officers to supervise offenders electronically in and out of prison, monitoring not only their location, but physiological changes that would indicate the use of illegal substances.

The public, too, should have greater access to criminal records to protect themselves and their families. Currently, under the state's Criminal Offender Record Information Act (CORI), it is extremely difficult for citizens to learn about the criminal histories of individuals. We should repeal the CORI statute, and put the rights of law-abiding citizens first.

► **Action:**

Leverage prison resources — eliminate multiple corrections agencies.

Over 20,000 individuals are incarcerated in our state and county prisons, and another 50,000 are on probation and parole. Nearly 11,000 state and county employees in 18 separate departments oversee these offenders at an annual cost of \$600 million. The heads of these agencies should attend to the same objective—reducing crime by sanctioning and carefully reintegrating miscreants into society—but often they do not. While each operates only a single work station on the factory line of corrections, none is sufficiently concerned with the factory's final product.

The new state government would consolidate the Department of Correction, the Probation Department, and the Parole Board in a new Department of Criminal Justice, which would manage all convicted and sentenced offenders. The new Department will administer alternative sanctions, prisons, houses of correction, and post-incarceration supervision.

We want to throw CORI in the trash and put the facts on the table. Parents ought to be able to know if the new babysitter, the Little League coach, or the guy hanging around a playground has a criminal history.

—Governor William F. Weld

Career criminals know all too well how to exploit today's fragmented corrections and judicial system to their advantage. They violate probation outside the district in which they were convicted, knowing that, if they are caught, the judge typically will not surrender a defendant on a probation violation issuing from another court. Those imprisoned sue the Department of Correction so regularly that the Department needs a full-time staff of thirty lawyers. Unifying this fractured system is a vital first step in correcting these abuses.

A unified prisoner classification system would be introduced in conjunction with the partnering of state and county corrections. Today, Massachusetts has no single set of standards for establishing the appropriate security level for prisoners, and the state cannot easily move inmates across state and county facilities to manage overcrowding and contain dangerous gang activity and disciplinary problems. In a newly unified system, minimum, medium, and maximum security facilities—whether county or state—could be deployed to best advantage, and prisoners could be assigned centrally to the appropriate facility. The state's ability to house the most dangerous criminals in the most secure facilities would be enhanced.

These measures would also better allow imposition of intensive probation for non-violent offenders. Imposed appropriately, intensive probation would save taxpayers three-quarters of the cost of incarcerating the offender, with the assurance that these sanctions could be revoked easily if their terms are violated.

► **Action:**

Eliminate county government — retain sheriffs.

County government—a 350-year-old vestige of colonial times—would cease to exist in the new state structure. With the district attorneys, medical examiner, and courts no longer managed by the counties, all that really remains in this unnecessary third layer of government are the sheriffs, registers of deeds, and county commissioners. The counties' houses of correction, managed by the elected sheriffs, are the largest part of what remains.

While the functions of registers of deeds and county commissioners are readily assumed by state government, county corrections functions must be carefully integrated into the larger criminal justice system.

Massachusetts today operates a dual system of state and county prisons. While the state largely pays for county houses of correction and jails, the sheriffs manage them. Sheriffs find it hard to plan under two different “paymasters,” their funding is uncertain and fiscal accountability suffers. The result of this dual system is

duplication and inefficiency in a system that is in critical need of making the most of every dollar.

Under our proposal, houses of correction employees would be managed by the elected state sheriffs, and the county facilities would be funded as an integral part of a single state system. Elected sheriffs would remain accountable and accessible to their local voters: they would continue to develop policies responsive to local needs and to advocate for innovative reform to the corrections and the judicial systems.

As part of the larger strategy of unifying corrections and inmate classification, some support functions such as inmate transportation, medical and food services, and information technology development would be administered by the Public Safety Secretariat and the Department of Criminal Justice.

Corrections spending has increased over \$160 million since 1991, an average of seven percent annually. Over the same period, the sentenced offender population has grown at about the same rate. The partnering of corrections agencies would save \$10.7 million in fiscal year 1997. By slowing the annual growth in spending from seven to five percent, this proposal also would save over \$250 million over the next five years. Savings would be even greater as new prison beds came on-line and the new facilities benefited from consolidated management.

► **Action:**
Privatize.

The federal government and states across the country are relying more and more on the private sector for correctional services. The privatization of prison services saves money, maintains security, and improves conditions.

Massachusetts has already aggressively privatized components of its prison system with considerable success. Privatized prison health care has already saved the state millions. As a result of privately provided health care, many facilities were able to obtain national accreditation for the first time.

The Department of Criminal Justice will issue a Request for Information (RFI) for

a broad range of privatization initiatives, including:

- Managing certain intensive probation programs
- Designing and building new corrections facilities
- Providing food and canteen services
- Transporting inmates to and from courts and corrections facilities

Based on the responses to the RFI, the Department will develop a plan in fiscal year 1997 for privatizing a substantial portion of its services.

We're talking about recovering some of the cost of food and shelter from prisoners, but we'll still give them the punishment at no charge.

—Governor William F. Weld

An Old Problem

A study of early prison development in late eighteenth century Massachusetts concluded the following:

"Officials were ill-prepared to manage their side of the enterprise. They lacked the experience in bulk purchasing of raw materials and in marketing procedures; they were uncertain as to whether the state should provide all the necessary goods or lease the entire operation to private contractors. Their ignorance, together with prisoners' ill will, made almost every prison ledger show a loss."

After 200 years, it may be time to admit that the private sector has something to offer.

► **Action:**

Strengthen inmate work programs.

The benefits to society of a strong prison work program are clear: offenders literally pay for their wrongdoing; at the same time they gain skills for their post-incarceration employment; and their earnings are available to compensate their victims and offset the costs of their incarceration. Evidence points to dramatically lower recidivism among those who participate in work programs. For example, a recent study in Florida showed that only two percent of inmates who worked for that state's prison industries were recommitted, while 51 percent of all prisoners ended up back in prison. The study concluded that Florida has saved hundreds of millions of dollars to date.

Massachusetts can do the same.

Our proposal would convert the Massachusetts Prison Industries from a drain on the state budget into a self-sustaining business. Prisoners would be subject to performance standards for their participation in work programs. No longer could they earn a shorter stay in prison, special privileges, or other benefits simply by showing up. These kinds of requirements would also be imposed on non-violent offenders who are sentenced to community-based sanctions.

[H]e who has received any damage has, besides the right of punishment common to him with other men, a particular right to seek reparation from him that has done it...

—John Locke, *Second Treatise of Government*

► **Action:**

Coordinate emergency preparation and response.

Preparing for and responding to disasters are the critical responsibility of the Massachusetts National Guard, the Massachu-

setts Emergency Management Agency (MEMA), the Fire Marshal, and the Massachusetts Fire Academy. A healthy degree of coordination already exists among these agencies, but more could be done. This proposal would immediately consolidate some administrative functions and develop plans for further cooperation among these agencies. It would:

- Consolidate the Office of the Fire Marshal and the Fire Academy into a more accessible Division of Fire Services.
- Develop ways to regionalize municipal fire services.
- Establish systems that will enable MEMA to manage disaster recovery better so that liability is more predictable and reimbursement to municipalities is quicker.

With these changes, administrative costs will be reduced and emergency response improved.



“To consolidate the stewardship of the state’s built assets—its roads and bridges, busways and rails, ports and airports, buildings and facilities—and enhance their value for a growing economy”

For too long, responsibility for our built assets has been divided among competing state agencies, leading to a haphazard, uncoordinated approach to asset management. As a result, these assets have been under-valued, and Massachusetts citizens have been denied the full enjoyment of all the state has to offer.

A growing economy depends on a well-maintained, modernized, and coordinated transportation system that moves people and goods effectively and efficiently. As we approach the twenty-first century, states will be competing more vigorously for jobs, skilled people, and new businesses. Our public infrastructure professionals must work together if Massachusetts is to be a winner in this competition.

State government is the largest owner of land and buildings in Massachusetts. It is responsible for public roadways and our airports. It alone makes possible a transit system accessible to all. As in business, state government should develop and maintain its assets to enhance their value and reflect positively on the public’s bal-

ance sheet. The new Secretariat of Public Property would coordinate our efforts to maintain, build, and leverage our public assets, and invest for our future prosperity.

Not only would the Secretariat of Public Property emulate business in managing public assets, it would collaborate with the private sector wherever possible to get this job done.

Stewardship for Our Public Property — An Essential Government Function

Economies of scale require that certain physical assets be held in common. State government ought to serve as steward for those assets, including our transportation system and our public buildings. As the backbone of the market economy, our transportation system transcends individual interests and private property. Because an effective system spans communities throughout the Commonwealth, its management must be in the hands of state government rather than local entities.

Infrastructure: The State's Responsibility

According to a nationwide survey conducted by KPMG Peat Marwick (released July 27, 1995), 63 percent of Americans believe the responsibility for roads and highways should rest with the state rather than local, city, or town government. As one respondent said, "A village can raise a child, but it can't build a highway."

The Guiding Principles

- ***Simplify.*** This proposal would simplify asset management for the Commonwealth by bringing together in two departments the responsibility for planning, developing, and managing our most important built resources. A new Department of Transportation would maintain, repair, and construct all state roads and bridges, oversee the delivery of public transportation services, and plan and develop a transportation infrastructure to ensure the Commonwealth's competitiveness well into the twenty-first century. A new Department of Public Buildings and Real Estate would oversee the use and management of the state's buildings and facilities.
- ***Rely on Markets.*** The new secretariat would rely heavily on the private sector to help manage and operate our public assets. Such contracting would allow us to get the most for our limited dollars, and would end the public monopoly on service delivery that presently exists in many areas of asset management. Many state agencies and authorities now control assets—either land, buildings, or sources of revenue—that are not being fully utilized. Using competitive contracting for the management of many such assets would ensure that the taxpayers receive the best results for the lowest cost.
- ***Demand Measurable Results.*** Some results of asset management are easily discerned by the citizen. Drivers have no trouble measuring the number of potholes they hit. Commuters can determine how early or late their bus arrives, with just a glance at their watches. And state workers can tell just how well their offices are maintained.

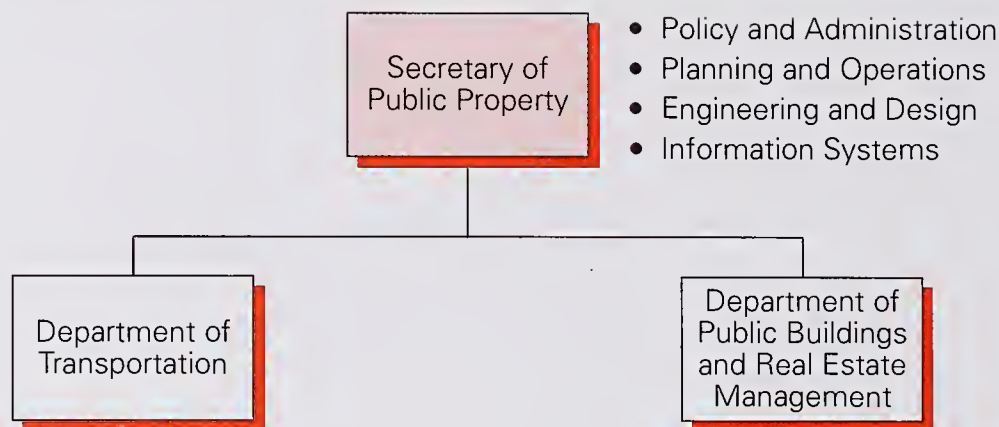
Other results are less obvious in the short term, but can cost us dearly in the long run. A poorly designed transporta-

tion system exacts hidden costs—the productivity lost to traffic congestion, the company that chose to locate in another state, the skilled employee who can't take that good job because it's too hard to get there. These results, too, must be measured, and the management structure we propose could effectively do so.

Organization

The new Secretariat of Public Property would consolidate the operational functions of existing transportation and property management agencies. The public property initiatives are collectively designed to improve coordination of infrastructure, property, and capital decisions; consolidate duplicative functions; and assure the maximum use of the state's resources to leverage growth and prosperity.

Public Property Organization



Public Property Initiatives

► Action:

Give the Governor veto power over capital spending plans of all transportation authorities.

Empowering the Governor to veto the capital spending plans of all transportation authorities would provide an independent check on the authorities' power, ensuring fiscally responsible choices for the taxpayers and the public at large.

Consider the case of the Massachusetts Turnpike Authority (MTA). In 1965, the MTA was created to finance, build, and operate the Massachusetts Turnpike; it was scheduled to go out of existence in 1993—its bonds would be paid off, the tolls would be removed, and 1,300 patronage jobs would be eliminated. The Massachusetts Highway Department would operate and maintain the facility,

just as it does for thousands of miles of state roadways.

Instead, in 1993, the Authority voted to undertake a half-billion-dollar capital improvement program, consisting largely of making over the MTA's facility. The Weld-Cellucci Administration believes this is completely unnecessary and just plain irresponsible. Our proposal would give any governor the opportunity to check such abuses in the future.

► Action:

Consolidate all highway and bridge construction and maintenance activities under the Department of Transportation.

This proposal would assign all responsibility for managing the Commonwealth's roads and bridges to a new Department of

Transportation. Presently, both the Metropolitan District Commission (MDC) and the Massachusetts Highway Department (MassHighway) perform similar road and bridge maintenance and construction functions. MassHighway is responsible for nearly 3,000 miles of state roads, while the MDC is responsible for 640 miles of parkways and park roads. Each agency has its own design engineers, maintenance department, and equipment. Massachusetts doesn't need two different agencies performing identical functions.

This idea is not new, but its implementation is long overdue. It would result in significant cost savings. Many state positions could be eliminated and such functions as snow and ice control, sweeping, line-painting, and sign-making could be combined, saving the taxpayers almost \$2 million annually. And hundreds of pieces of equipment now used exclusively on MDC roads, could be utilized on state highways as well—saving the taxpayers millions of dollars which would otherwise be spent by MassHighway to purchase or lease the very same equipment. Finally, road and bridge construction projects would be prioritized statewide, ensuring that the most important projects were put at the top of the funding and construction schedule.

Several years ago, recognizing the absurdity of having multiple agencies engaged in similar tasks, state government consolidated the state's police forces. It is time to take a similar common-sense approach to the maintenance and construction of the Commonwealth's roads and bridges.

► **Action:**
Expand privatization efforts at MassHighway.

Massachusetts' first-in-the-nation highway privatization program has yielded millions of dollars in savings, while dramatically increasing the level of service. The Kennedy School of Government confirmed these results in a recent study. We propose to expand such efforts across the Commonwealth.

► **Action:**
Remove tolls on Exits 1, 2, and 3 of the Mass Pike.

When the Weld-Cellucci Administration gains control of the Turnpike Board in 1996, the first order of business will be to remove tolls in Western Massachusetts. The board will then develop a plan to remove other tolls in the future.

► **Action:**
Reform Chapter 90 grant program administration.

In the new state government, the Chapter 90 grant program, an important local road and bridge program, would be streamlined. In its current form, the program distributes about \$50 million per year on a formula basis. The Massachusetts Highway Department may disallow local spending on projects that fail to meet accepted design standards. This limited review only adds a layer of bureaucracy, and therefore should be eliminated. Doing so would speed up projects and reduce costs.

► **Action:**
Competitively contract MBTA management and operations.

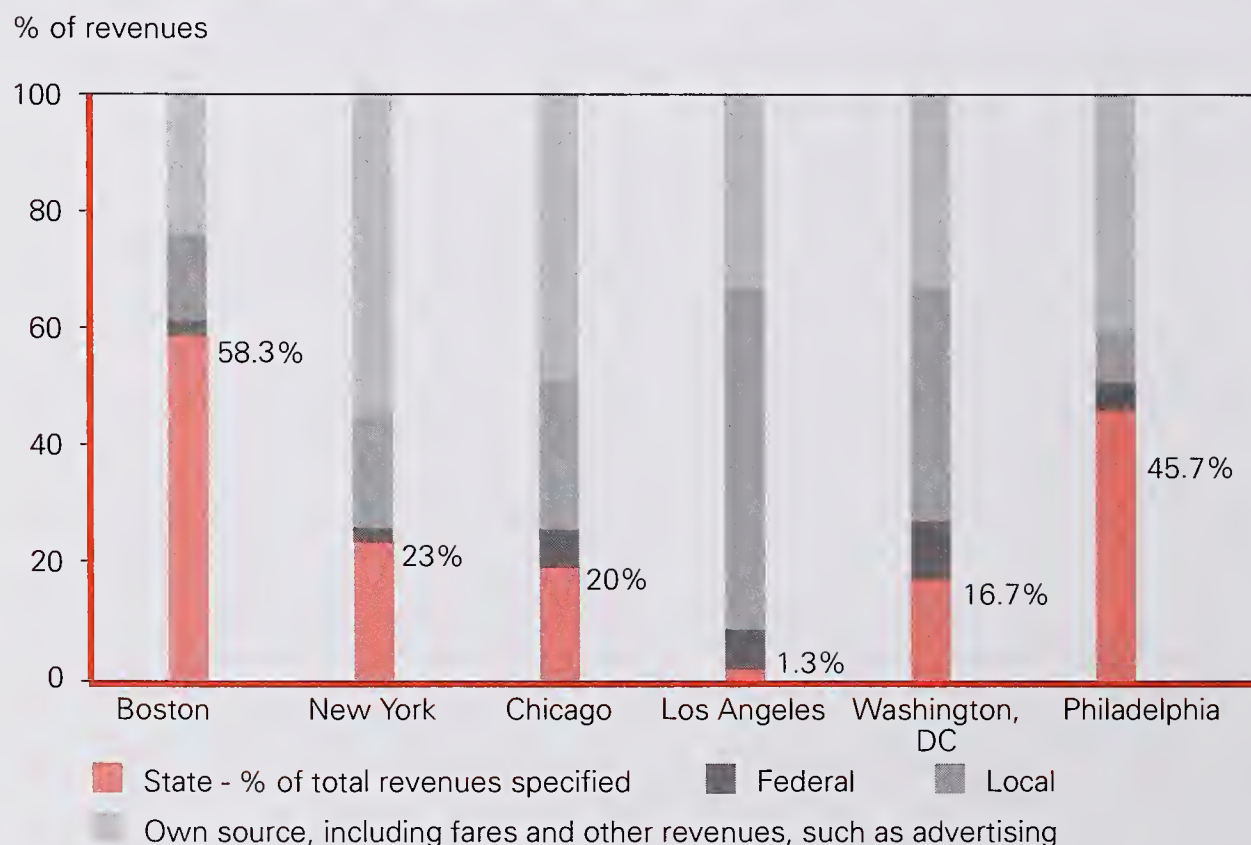
The Massachusetts Bay Transportation Authority (MBTA)—the sixth largest urban transit agency in the United States—provides bus, subway, light rail, commuter rail, and water ferry services. It is governed by a board of directors, and its finances are overseen by an advisory board of representatives from the 78 cities and towns that comprise its service area.

The MBTA relies most heavily on state subsidies for operating expenditures—and has had the lowest productivity-to-cost ratio—of any of the six largest urban tran-

sit agencies. Needless layers of bureaucracy and a cap on the operating assessment charged to its 78 member cities and towns led to this situation.

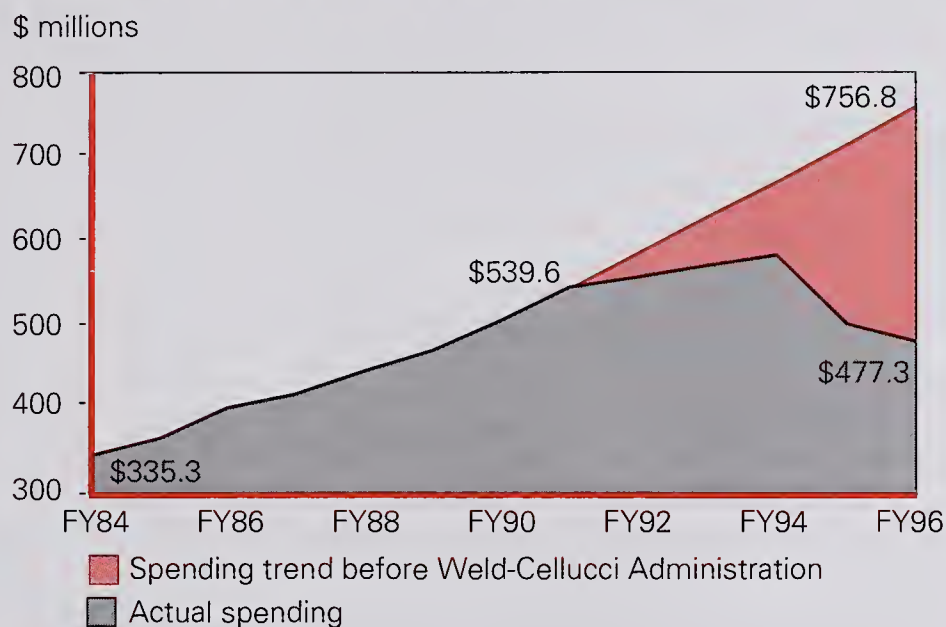
Since the Weld-Cellucci Administration gained management control of the MBTA in 1991, spending has been reduced two years in a row (totaling \$102 million in savings), while productivity and service levels have increased. The MBTA police force has been expanded by 43 percent. Mean Miles Between Failures, the most accurate and objective industry measure of vehicle and service reliability, have increased 30 percent to 170 percent on the MBTA's four subway lines since fiscal year 1990.

Revenue Sources Among the Largest U.S. Transit Systems



Source: MBTA, Special Commission on MBTA Financing Report, March 1995

MBTA Operating Expenses - Fiscal Years 1984-96



Source: MBTA

Though the MBTA's days as a budget buster are behind us, much remains to be done. It still costs every taxpayer \$130 per year to support the MBTA—whether or not they live in a community serviced by the “T.”

In the new state government, the Secretary of Public Property would restructure oversight of the MBTA, and competitively contract those services that are readily available in the private sector. For example, real estate management, payroll services, bus operations, revenue counting, and auditing services could all be provided by private companies, at significant savings to the taxpayer. The plan includes the following elements:

Eliminate the MBTA Advisory Board.

With the cap on local assessments in place, this fiscal watchdog has lost its will to bark, much less bite. Indeed, the incentive for this board is to press for increases

in service to member communities with little or no concern for cost. The dramatic increase in costs throughout the 1980s is ample evidence that the “T” Advisory Board—with its own expenditures capped—was busy spending other people's money.

Contract out the management of MBTA real estate. Like so many government agencies, the MBTA performs its real estate functions poorly. Not only does its Real Estate Division fail to take full advantage of the revenue generating possibilities of the MBTA's many attractive parcels of land, it sometimes has little or no idea of what and where those properties are, or their market value.

The MBTA should solicit management proposals from private companies to maximize the potential of all the property owned or used by the Authority. The potential exists for significant operating savings from the contracting of real estate management, and for millions in additional revenue from improved asset management.

Contract out MBTA payroll services. The MBTA has an antiquated and inadequate payroll system—entirely paper-based and labor intensive. As most of the Authority's payroll and human resource information is kept by hand, it is not surprising that such important details as proper pay scales, vacation and sick time, and other

basic data are routinely lost. New technology is necessary for the MBTA to calculate this information accurately, and the private sector is capable of providing this service significantly better than could the MBTA. Properly recording pay, vacation, sick and other benefit information would increase efficiency and generate savings for the Authority—and the taxpayers.

Contract out bus operations. Based on the initial bids, private operation of a small group of bus routes would save the MBTA \$1 million per year while delivering the same level of service. The MBTA should expand the competition for bus service to a larger pool of bus routes. Indeed, a competitive market to provide this service already flourishes: public transit agencies throughout the United States rely on private providers of bus service; when the MBTA requested bids for private operation of some bus routes, ten companies responded. The MBTA should ultimately aim to contract a quarter of its bus operations, which would save 10 to 15 percent of the present cost.

Contract out revenue counting. Counting fare receipts and depositing them in the bank are basic business functions at the MBTA. Numerous private companies already provide this service to both medium- and large-size organizations; the MBTA should introduce competition into this area as well. Three years ago, the MBTA sought to contract revenue collection and counting; it received and imple-

mented a bid from its own employees that reduced costs by 10 percent. As the MBTA moves toward an automated fare collection system, contracting its counting function would provide another opportunity to cut costs.

Consolidate and contract out auditing functions. The MBTA's Auditing Unit examines the Authority's contracts to ensure that the appropriate amounts were paid out. This is a basic business function that any private accounting firm could provide. Contracting this function would not only save between \$250,000 to \$1 million per year, it would yield additional savings from an improvement in the level of auditing services.

The Massachusetts Highway Department also provides internal audit services for its own contracts. Since the Public Property Secretariat would be responsible for the MBTA and the expanded MassHighway, all auditing functions should be consolidated to reduce costs and improve quality.

► **Action:**
Create a separate commuter railroad corporation.

Today, more and more people get to work by using the commuter rail network—45,000 people every day. The present system of assessing towns for this service is both inequitable and illogical. Some towns that get service do not pay, while others pay for themselves and the riders from surrounding communities. As the system continues to expand each year,

with the addition of the new Old Colony Railroad, new service to Worcester and planned service to Fall River and New Bedford, costs continue to rise, but without a corresponding source of new revenues. Establishing a separate corporation, apart from the MBTA assessment formula, will address this inequity.

► **Action:**
Consolidate the Regional Transit Authority (RTA) operating system.

This proposal would transfer oversight of the Regional Transit Authority (RTA) system to the new Department of Transportation, and create five service regions. The new management and operating structure would be consistent with the way state highways are managed and maintained, with a central management office and five operating regions.

The Commonwealth's fifteen RTAs now serve 15 separate urban areas. Taxpayers subsidize \$36 million of their \$95 million annual budget. With federal cuts looming, this burden on the taxpayers could rise sharply; thus, we must take every possible action to find efficiencies in this system. By consolidating management operations, introducing a zero-based budgeting policy, and eliminating the mandatory three percent annual increase in RTA operating budgets, significant savings could be achieved. And by identifying common levels of service and standards of operation, and combining some service areas (for example, Cape Cod, Nantucket, and Martha's Vineyard), further efficiencies could be realized.

► **Action:**
Expand and privatize functions of the Massachusetts Port Authority (Massport).

The Massachusetts Port Authority (Massport) owns and operates the Port of Boston, the Tobin Bridge, Logan International Airport, and Hanscom Field. Massport has also launched Logan 2000—the first major airport landside modernization program in 20 years—and has developed proposals to reduce airside congestion at Logan, which are under environmental review. In addition, the Authority is developing a Worcester Airport revitalization plan in conjunction with the City of Worcester. Massport provides community mitigation, develops and promotes trade and tourism, and much more. It plays a critical role in the Massachusetts economy and our future competitiveness. This proposal would use privatization to strengthen several of its major functions, broaden its authority over aviation, and expand its role in developing state trade and tourism.

Privatize major functions. While enjoying an "AA" credit rating—indicating the highest level of fiscal and management responsibility—Massport has been constrained in its ability to bring three of its assets—Maritime, Hanscom Field, and the Tobin Bridge—into full solvency. These operations constantly run in the red, due to the institutional and political

constraints placed on their use, development, and administration, and require revenue infusions from Logan Airport. It is critical that Massport continue to explore ways in which all its assets may be fully utilized and made profitable.

Both privatization (the contracting out of certain management and operational functions) and public-private partnerships (joining with a private company to deliver a public service) would help Massport gain efficiency and further improve its financial standing and flexibility. Massport should undertake the following initiatives:

Privatize certain management and operation functions at Logan Airport.

Successful public-private partnerships can be found at airports around the globe. The British have successfully converted a number of their airports to private ownership and operation, including Gatwick, Heathrow, and Stansted. In the United States, Indianapolis Airport recently contracted with British Airports Authority

(BAA), a publicly held company headquartered in London, to manage its airport under a performance-based, long-term lease contract. Plans are on the drawing board elsewhere to involve the private sector in financing and operating terminals, developing land, managing concessions, and overseeing airside operations. Massport itself has already privatized an entire terminal at Logan (Terminal B), and is considering entering into a public-private agreement to re-build and manage a second (Terminal A).

Other initiatives could include the privatization of parking operations, turn-key management of various Logan facilities and operations, development within and adjacent to the airport proper, and the leasing of real property.

In the new state government, proposals including one or any combination of these initiatives would be invited; other suggestions would also be solicited. Massport would request proposals that reduce

The Indianapolis Approach to Airport Privatization

Terminal services:

- Maintenance and janitorial functions
- Terminal operations
- Concessions
- Parking
- Rental cars
- Terminal or other advertising
- Grounds maintenance
- Security, policing, enforcement
- Ground transportation and airport access
- Terminal planning and engineering
- Terminal property development

Airfield Services:

- Maintenance and snow removal
- Ramp operations
- Signage and navigation
- Fire and rescue
- Non-terminal building maintenance
- Fixed base operator and general aviation facilities support
- Planning and engineering for airfield
- Airside land development

Administrative services:

- Finance and accounting
- Grant management
- Management information systems/geographic information systems
- Public relations
- Human resources
- Purchasing and contracts management
- Administration of bond issuance
- Passenger facility charge collection and accounting
- Land acquisition
- Relocation implementation

Source: Indianapolis Airport Authority

Our Administration is committed to working with the Massachusetts Port Authority and with the Legislature to create a seamless transportation system that will speed Massachusetts products to foreign markets, and create manufacturing and shipping jobs throughout the Commonwealth.

—Lt. Governor Argeo Paul Cellucci

capital, debt service and operating costs; create and enhance revenue streams; and establish measurable performance criteria.

Privatize Massport maritime functions.

Massport owns and operates the Port of Boston and its seven key harbor facilities: the Conley and Moran container terminals, the Black Falcon Cruise ship terminal, the Army Base, the Fargo Street Terminal, the Revere Sugar facility (Mystic Pier 48), and the North Jetty. The Port has been challenged by tough competition from larger deep-water ports to the north (Montreal) and south (New York/New Jersey), an over-staffed labor pool, the creation of larger carrier consortia, quickly changing maritime vessel and landside transportation technologies, and altered world trade routes. Keeping pace with such dynamic conditions has been difficult, and the Port has incurred an operating deficit practically since its inception.

Privatization and public-private partnership arrangements for selected maritime functions could help restore the Port's competitive edge. These strategies have worked elsewhere: in Seattle, Tacoma, Oakland, and Los Angeles/Long Beach, where creative financing has been applied; in Houston, Charleston, and Savannah,

where terminal and container operations are publicly operated and vessel loading and unloading activities are privately procured by the steamship lines; in New York, where much of the port is publicly financed but leased to private parties; and in other port cities around the globe.

The most promising opportunities for port privatization are in bulk terminals, auto terminals, and warehousing. The Maritime division has already slated these functions for privatization. Massport should additionally evaluate privatizing the Fargo Terminal as a warehouse facility, the Moran container terminal for auto handling operations, and the Revere Sugar site for bulk cargo operation.

Privatize management and development of Hanscom Field. Hanscom Field, located in Bedford, Massachusetts, is a joint-use aviation facility, serving public, private, and military functions. Its 1,200-acre site offers two runways of 5,100 feet and 7,060 feet to military craft, private general aviation (GA), and commuter and general aviation flights unable to access Logan Airport. Hanscom enjoys excess runway and terminal capacity and the availability of adjacent undeveloped property. Despite its considerable potential for profitable operation and expansion, Hanscom operated in the red in 1995.

Massport should solicit proposals for a private lease/develop/manage contract for Hanscom Field and its adjacent properties, to be reviewed by June 1996, at the latest.

Transfer small-airports' management and oversight responsibilities to Massport. This proposal would dissolve the Massachusetts Aeronautics Commission (MAC) and transfer all its functions, responsibilities, and authorities to Massport. Massport would oversee the 44 public-use airports, five public-use seaplane bases, two public-use heliports, and over 200 private landing areas now under the purview of MAC. Massport would become the formal recipient of federal (FAA) funds, including those for planning and engineering.

Consolidating these functions with the oversight of Logan would eliminate duplicative bureaucracy and thereby reduce costs. It would also strengthen the Commonwealth's ability to plan and operate an efficient aviation system. General aviation and the regional airports system are increasingly important elements of our transportation network, and must be included in all aviation planning.

Assign all state trade and tourism functions to Massport. As our gateway to the world, Massport has long promoted trade and tourism in the Commonwealth—its mission includes the promotion of international trade and tourism as a means of increasing traffic and cargo through Logan Airport and the Port of Boston. It maintains a trade office in London and part-time representatives in Taiwan and Singapore; funds 70 percent of the costs of the Commonwealth's trade offices in China, Germany, and Israel; and finances

gubernatorial trade missions, which have included trips to Vietnam, India, South Africa, and other countries around the world.

Massport has the experience and the networks required to effectively promote trade and tourism for the entire Commonwealth. Consolidating all state trade and tourism functions within Massport would mean bringing under one roof the responsibilities now shared by the Massachusetts Office of Travel and Tourism, the Massachusetts Office of International Trade and Investment, and the Massachusetts International Trade Council, Inc. This consolidation would eliminate fragmented and duplicative efforts, establish a single point of contact for individuals and businesses seeking trade and tourism information, and save the taxpayers money.

► **Action:**

Privatize state office building and surplus property management.

State-owned office buildings provide over 2.3 million square feet of space for the operation of government. In addition, the state manages a number of large facilities and sites that have been surplus (for example, closed state hospitals). This proposal would transfer responsibility for managing these properties to the new Department of Public Buildings and Real

Estate, which would contract with professional, private property management firms to maintain, secure, and operate the state's public buildings. The agencies now charged with this responsibility, the Bureau of State Office Buildings and the Surplus Property Office, would be eliminated. Privatization makes particular sense for property management. The market for such services is large, experienced, and highly competitive.

► **Action:**

Streamline and modernize state building construction.

State building construction projects have long been tainted with a reputation for excessive costs, red tape, delay, and shoddy results. Over 15 years ago, major reforms were enacted to clean up public construction. These reforms were generally successful in eliminating the egregious problems of their time, but they leave a legacy of rigid procedures, burdensome regulations, and costly red tape. This proposal would transfer responsibility for state building construction to the Secretariat of Public Property, and would institute remedies for the defects that remain. Leasing services now provided by the Division of Capital Planning and Operations (DCPO) for all state agencies would be retained as a central support function of the Executive Office for Administration and Finance.

These remedies would allow alternative design and construction methods where appropriate, permit the use of a single

designer for both study and final design, improve the designer selection process, eliminate the filed sub-bid requirement, consolidate contractor certification operations, increase the threshold for delegating small project oversight, and vest disposition authority in the Secretary.

Allow alternative, fast-track design and construction methods where appropriate.

This proposal would authorize the state's expert real estate agency, the Department of Public Buildings and Real Estate, to use alternative design and construction methods in appropriate circumstances. This would increase the efficiency and reduce the cost of designing, contracting, and building public construction projects that are standardized, smaller, or especially urgent. Alternatives such as a single, competitively selected contract for design and construction services would cost less and hasten project completion. The Ward Commission, which crafted the current state building process, did not authorize the routine use of design-build alternatives. It did, however, recognize that once the Commonwealth had an expert real estate agency to manage public construction responsibly, design-build authority should be revisited.

Eliminate the requirement of two designers—one for study and one for final design—and replace with one designer for the entire project. Chapter Seven of the General Laws requires that different designers/architects be selected for the study

and final design of a given project. This requirement increases the cost of projects by an estimated two percent (which can range from hundreds of thousands to millions of dollars, depending on project size), and increases the time necessary to design a public project by as much as one year.

The rationale behind this requirement was that a designer who is paid a percentage of the total project cost might over-design the project to increase his fee. In reality, however, using different designers for a project's study and final design results in an enormous duplication of effort—and the public pays twice for the same service. To add to the burden, the Commissioner of DCPO must also review and certify approval of every study, and DCPO's expert project managers must manage the designers, working with other agencies to ensure that the project meets each agency's realistic needs.

This proposal would eliminate the costly and inefficient two-designer requirement. With continued oversight and management by staff of the Department of Public Buildings and Real Estate and a continued requirement for the Department head to certify approval of project parameters, one designer would more efficiently and cost-effectively serve the design needs of public construction projects, without risking excessive design.

Select designers for all public projects through a single Architects and Engineers Board. This proposal would eliminate the Designer Selection Board, and create one Architects and Engineers Board within the Public Property Secretariat to select designers for all state construction projects. The Board would be composed of state staff having both vertical and horizontal design, engineering, and construction expertise. There would be two seats available for private-sector architects or engineers as well. The selection process would involve open, publicly advertised competition. A "good business practice" competitive process would be required for the selection of designers on projects with design fees of \$500,000 or less, and more extensive advertising would be required for the selection of designers on projects with larger design fees. This proposal would significantly reduce the time and cost involved in designer selection while ensuring expert, open, and competitive selections.

Eliminate filed sub-bids. This proposal would retain the public competitive bid process for the selection of general contractors. But it would eliminate the filed sub-bid requirement to ensure equal treatment for all trades and to promote increased competition among potential general contractors and subcontractors. Currently, many highly respected general contractors do not compete for state construction work because they cannot work with the filed sub-bid restrictions. This proposal would also foster competition

among subcontractors, as they would all be free to compete for selection by general contractors. General contractors would have great incentive to solicit bids from many subcontractors to identify the lowest-cost qualified subcontractors in order to produce the lowest cost qualified general bids. The time required for bidding would be reduced by one month and there would be a projected seven percent cost savings by eliminating this separate filed sub-bid step. This proposal would increase the efficiency and competition and reduce the time and cost of public construction, while retaining all the safeguards necessary to maintain integrity in public construction.

Provide one certification unit to pre-qualify all vertical and horizontal construction. The state currently reviews and certifies contractors' qualifications for public construction projects to ensure that the contractor has the experience, capacity, and demonstrated performance to undertake successfully construction projects where substantial public monies are involved. As with the proposal to establish one board for all designer selection, efficiencies could be realized with contractor pre-qualification if one unit in the Public Property Secretariat performs these functions.

Authorize the Department of Public Buildings and Real Estate to delegate horizontal construction projects of \$500,000 or less to agencies with the necessary expertise. State building design and construction work is currently undertaken by private design and construction firms. A limited number of DCPO project staff manage the work of these firms; for smaller projects, DCPO delegates this management responsibility to staff at other agencies.

DCPO may now delegate control and supervision of public building projects costing between \$100,000 and \$200,000 to other agencies—provided those agencies have the necessary expertise to manage these smaller projects. With limited staff, DCPO cannot—on a reasonably efficient schedule—manage too many small projects while managing the larger projects that require its expertise. While current law allows such delegation, the dollar threshold it sets is too low. This proposal would raise the threshold for delegation to \$500,000, allowing the head of the Department of Public Buildings and Real Estate to delegate smaller projects (as measured in 1995 dollars) to qualified agencies.

Centralize and streamline authority to dispose of surplus state property in the Public Property Secretariat. The statutory procedural restrictions governing the disposition of surplus state property ensure

that the state's real property assets are not released into private hands unless a clear public purpose is served. With these procedural requirements, including fair market appraisals and public notice and hearings, it should not be necessary to obtain specific legislative authorization to dispose

of each parcel of non-highway surplus property. This proposal would vest the disposition authority, subject to appropriate procedural requirements, in the Secretary of Public Property, reducing the time and resources necessary for routine dispositions.

FAMILY SERVICES



“To restructure the health and human services system, now composed of 20 disjointed agencies, into four lean, integrated departments that focus solely on helping dependent individuals become self-sufficient”

Today, state government’s health and human service programs cost more than \$7 billion, employ over 26,000 social workers, health professionals, and other staff, and serve some 800,000 clients each year. That’s nearly half the state budget, a third of all state employees, and 13 percent of the Massachusetts population. This sprawling bureaucracy was not designed. It just happened.

In the new state government, we would rebuild our system—from the ground up—to help those in need. A new Secretariat of Family Services would take on four critical responsibilities: to protect children, to help those with developmental and physical disabilities become self-sufficient, to provide transitional assistance to the truly needy, and to promote public health.

Under this proposal, the state would function primarily as a buyer of services, not a provider. Nothing less than tangible outcomes would be acceptable for its clients. Every individual receiving assistance would be swiftly helped to lead the most independent and productive life possible.

State government would increasingly rely on the energy and proven expertise of the private sector to deliver and manage health and human services—including service coordination, social work, and case management—leaving state employees free to focus their attention on strict monitoring. Clients would be able to access any service through a single point of entry—a simple, toll-free telephone number—and have all their needs managed by one person.

In place of the 14 existing health and human service agencies and six other boards, commissions, and councils scattered throughout state government, there would be four coherent departments: Children’s Services, Rehabilitative Services, Transitional Assistance, and Public Health Services. The state’s two soldiers’ homes would remain a part of this secretariat. These departments would share a single data base of client information, managed by the Secretariat of Family Services. No longer would clients find themselves shuffled from agency to agency, from service to service, forced at each point to explain once again why they need help.

Helping Those Who Can't Help Themselves — An Essential Government Function

State government ought to care for those with limited ability to care for themselves—not those who don't want to work, those who cannot. That is a primary function of state government.

Most who face significant challenges cherish their self-sufficiency. State government should work with them to make an independent life possible and to preserve it. Even those with the most limited ability to help themselves deserve the kind of help that strengthens, not weakens.

For these reasons, state government must successfully:

- Help children who are victims of abusive parents find safe, permanent homes as quickly as possible.
- Help those with minor developmental and physical disabilities live and work in their own communities to the greatest extent possible.
- Help those with severe disabilities and illnesses, who are unable to work, live in the least restrictive settings in their own communities.
- Afford those individuals who fall on hard economic times a limited amount of assistance to transition back to self-sufficiency.

- Protect the citizenry from preventable public health hazards and diseases.

When state government achieves these results, it will have done its job.

The Guiding Principles

- *Put the Citizen First.* The new Secretariat of Family Services would establish a single point of entry for those in need, providing better service to them and more cost-effective service to the taxpayers. With access to a wide range of appropriate services and with one individual managing their cases, those who are currently in need could rely less on state government and achieve peak self-sufficiency sooner.

Our government should be driven not by standard operating procedures and incrementally drawn budgets, but by clearly defined goals and an almost missionary belief in the people we serve. Fewer rules and more results, that's my definition of entrepreneurial government.

— Governor William F. Weld

With those in need receiving appropriate care and becoming as independent as possible, as soon as possible, taxpayers would spend less for better service. Layers of administrative bureaucrats, who often not only impede service delivery but cost the taxpayers millions of dollars, would be eliminated from the process altogether.

- ***Demand Measurable Results.*** For decades, state government's answer to solving a health or human service problem has been to create a commission, design a department, or open an office to deal with it. Commitment to ending society's problems has been measured by how much money we spend on them, rather than by how well we have solved them.

It's time to stop this nonsense. Our entire system must be converted from one that focuses on administrative overhead and custodial care, to one that achieves substantial outcomes for its clients. In other words, we should buy services that achieve tangible results for clients.

The private sector produces what its customers ask for and are willing to pay for. Pay by the length of stay, and you get longer stays. Pay by results, and you get more clients moving to self-sufficiency sooner. If you don't get results, pay someone else to do the job.

To ensure that the new Family Services Secretariat buys results for its clients, we must completely rewrite all human service contracts that now buy inputs—

units of service, beds, or client slots—to buy outcomes.

- ***Rely on Markets.*** Today's state government is geared toward managing symptoms, not solving problems. We propose turning to the market to find solutions to our human service problems. In the past, government has used the market, but in less than fully effective ways. Massachusetts now spends over \$5 billion (including Medicaid) for health and human services delivered by private providers. But we have not used the market to figure out which services will most rapidly bring the client to self-sufficiency. This proposal would take that next step.

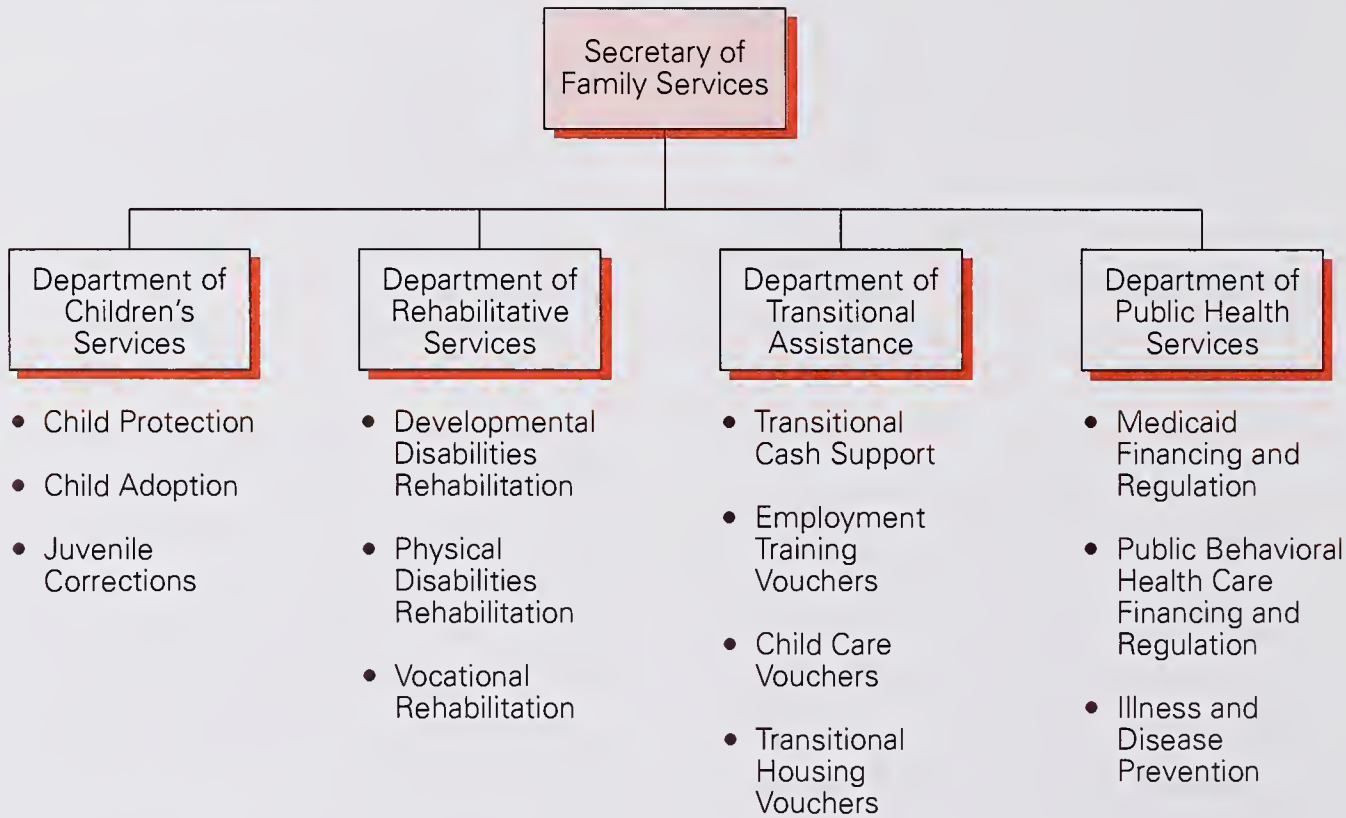
The private sector has thus far been given little chance to pursue aggressively the goal of maximum client self-sufficiency. Instead government dictates exactly how many people the private provider must hire, what services it must provide, and what equipment it must use. It's no wonder costs keep going up while some clients languish.

When state government is itself the sole provider, competition should be just as important. For example, we should allow state facilities to compete with the private sector for the opportunity to serve state clients. We have confidence that public facilities can compete—delivering quality services at a competitive price, head to head with the private sector. But we will get that result only when our public facilities are forced to win a share of the market, not a share of an annual line item appropriation.

Fostering Accountability

In 1993, the Department of Social Services (DSS) started demanding measurable results from the private agencies it paid to place foster children in adoptive homes. Before, agencies were paid by the number of cases they managed, not by the number of adoptions they completed. Since then, private adoptions have more than doubled and the cost per adoption has been cut in half. The outcome: more foster children living in caring, permanent homes at less cost to the taxpayer.

Family Services Organization



- ***Simplify.*** This proposal would dramatically simplify the health and human service bureaucracy. The new Secretariat of Family Services would shrink 20 agencies, boards, commissions, and councils into four departments. Reduced spending for central administrative bureaucracy—with its layers of review and multiple approvals—would save more than \$65 million annually. Over the next three years, services provided by contract would rise, the number of contracts to be administered would fall, and the number of the state's full-time employees would drop. With a single-point-of-entry system using a new toll-free telephone number and service delivery available from the nearest provider, clients would often no longer need to make the inconvenient trip to the local program office.

Organization

The new Secretariat of Family Services would include four client service departments—Children's Services, Rehabilitative Services, Transitional Assistance, and Public Health Services. Administrative support (budget, human resources, procurement, information technology, and legal) would be provided centrally so that the staff of the four departments could give their full attention to purchasing appropriate outcomes for their clients. The Secretariat would be responsible for creating a single client data system for the four departments. Managing and maximizing federal reimbursements, fees and other non-tax revenues would also be administered centrally; a percentage share of these revenues would fund the operations of the new Secretariat.



Family Services Initiatives

► Action:

Focus exclusively on helping citizens in need swiftly achieve self-sufficiency.

The state's new approach for family services would require clear policies to guide the organization and operation of the new Secretariat. The new approach—to rely heavily on private providers to organize, manage, and deliver the services necessary to move clients toward self-sufficiency—would also demand new goals. Here are five tenets for the Commonwealth's delivery of family services in the new state government:

Finance and buy family services to deliver outcomes. By becoming a discriminating outcomes buyer, the Commonwealth would afford itself more choice and flexibility in meeting clients' continuously evolving needs. With appropriate guidance from a private case manager, the client could seek out the services that meet his individual needs, rather than being limited only to the particular providers and services that have been funded.

Since the 1970s, Massachusetts has invested in—and too frequently clung to—ways of delivering services meant for client

populations that no longer exist, or based on treatment philosophies that have failed to yield results. Not only were these service-delivery methods inconsistent with client needs, they were expensive. Over time, the gap between service and client need, between the cost of delivering that service and the price of less expensive alternatives, has grown wider and wider. Leading private health and human service providers minimized the use of institution-based care in favor of outpatient and community-based care, used modern information and communications technology to cut labor costs, and replaced services that did not work with services that did, while the Commonwealth kept its institutions open, failed to invest in new technology, and prolonged services that did not help a client improve.

Limit the time that certain services are provided to clients. The Commonwealth should no longer make some services available indefinitely to its clients, unless they make progress toward independence. Today, the state persists in providing or purchasing the same services for the same clients regardless of progress. It makes little sense to provide cash assistance and

job training to those individuals who never get a job; or substance abuse treatment for drug-addicts who never stay clean and sober. For example, the state would no longer waste kids' entire childhoods by trying to reunite them with abusive parents who won't change their ways.

The children and adults who turn to the state for help face tough problems. They deserve to get the right kind of help for the right amount of time. We do them a disservice by providing programs that do not help, and we waste their lives by keeping them stuck in care indefinitely.

Institute universal means-testing for family services. Clients or their responsible family members should contribute financially—within their means—toward the cost of the services they receive. When services are provided without charge to those with the ability to pay, those services tend to be over-utilized, or they fail to appropriately engage clients and their families in the pursuit of successful treatment outcomes. The means test would apply a sliding scale fee for individuals and families earning above 300 percent of the poverty line, an approach currently used for other programs.

Ensure that services go only to the truly needy. The state should assess the existing client populations, and direct its resources to those most in need. When federal

guidelines demand that less needy populations be served, the state should seek waivers to ensure that only the truly needy may access those services. For example, the Supplemental Security Income (SSI) program—for which the state pays almost one-third the cost—now provides services to able-bodied young men who claim a “nervous condition.” If we could apply tough medical screening and redetermination procedures to SSI, similar to those in our Emergency Aid to the Elderly, Disabled, and Children (EAEDC) program, cases of dubious need would be dropped from the rolls, freeing resources to meet other legitimate needs.

Apply available resources to the highest priority needs. The urgency and importance of our effort to help dependent individuals become self-sufficient demand the constant reassessment of how resources are used. Dedicated cigarette tax revenue provides one clear example of a resource that could be more effectively applied. Smoking cessation programs that offer sound basic education about the dangers of smoking are an important investment in our future. We believe that cigarette tax revenues not spent on such programs are better used to strengthen essential prevention and health protection initiatives such as the Women, Infants, and Children nutrition (WIC), AIDS, and early intervention programs.

► **Action:**

Purchase outcomes — manage and write effective performance contracts.

Nearly 6,500 state staff now coordinate services for over 5,800 health and human service contracts, with more than 1,200 private providers delivering care to some 800,000 clients. An additional 7,500 state employees provide supervision and administrative support for those service coordinators. Many times, it can be a system fraught with waste, uncoordinated care, and poor oversight.

This proposal would enable staff of the new consolidated departments to effectively procure, finance, and monitor the delivery of services from a variety of sources, including managed care organizations. Such organizations could provide both case management and service delivery to clients. Introducing managed care would encourage the delivery of better, more appropriate care for clients, and would save the taxpayers money.

The current health and human service procurement system. Today, state staff in central, area, and regional offices either buy programs through contracts, or operate programs directly. The state contracts with thousands of individual providers who receive a fixed rate for specific units of service delivered—hospital beds, residential care beds, or foster care slots. With this fragmented system, primarily focused on inputs, the state does a haphazard job of measuring whether its clients are getting better.

An example of such a program is a community residence that serves four clients, employs eight staff, and is paid a fixed rate of \$250,000 annually. Today:

- The state is committed to paying the provider \$250,000 as long as four clients are in that residence for a majority of the contract year.
- The contract does not increase or decrease with the actual cost of delivering the services.
- The provider can receive full payment regardless of whether it does a good job, and is often not required to measure specific outcomes for its clients.
- Due to the extra costs inherent in discharging one client and accepting a new client within the residence, the provider has little incentive to take on additional clients who need care.
- The provider is actually encouraged to serve the least number of clients necessary to fulfill minimal state billing requirements and receive the \$250,000.

Clearly, today's system is flawed. Providers can be encouraged to accept indiscriminately client referrals, increase their lengths of stay, and utilize the most intensive settings available. In this scenario the clients can be the losers—they receive inappropriate services, remain in care too long, and unwittingly consume the taxpayers' money.

The new outcome procurement system.

The state would establish a new purchasing system by rewriting all of its contracts to buy outcomes. Through a rigorous procurement development process, the new Family Services Secretariat would set its priorities by identifying the clients it should serve, specifying the outcomes it wants to attain for those clients, and only paying providers for results. The state would monitor contracts and penalize providers severely for failing to achieve desired outcomes or delivering inadequate care for its clients.

Under the new system, the same community residence would instead be able to focus exclusively on the quality of client care:

- The state would no longer directly contract with particular community residences.
- The state would hire a managed care organization or state employees to deliver the specific outcomes needed by each of the four clients, and to ensure a safe, staff-supported living environment for only as long as the clients require it.
- The managed care organization would sub-contract with smaller providers who would actually deliver direct care services.
- The managed care organization would guard the state's interests, ensuring coordination of care and focusing on the achievement of desired service outcomes.

In the new system, the state would guarantee desired outcomes by measuring and paying for concrete milestones throughout the clients' care. The managed care organization would receive the majority of its payment, however, only upon producing desired results—a child in foster care is adopted, an AFDC recipient gets a job, or a developmentally disabled person is living independently in his own community.

This system is better. Providers are encouraged to screen carefully and thoroughly, assess each client referral, discharge clients as desired outcomes are attained, and utilize the most appropriate setting. In this scenario, the clients are the winners—they receive appropriate services, swiftly achieve optimal independence, and save taxpayers' money.

Entrepreneurial government... measures a program's effectiveness by focusing on results instead of the line item spending decisions. It demands a fair and measurable return on the taxpayer's investment: progress toward job placement, or a smaller welfare caseload, or enhanced community health."

—Governor William F. Weld

Holding contractors accountable for quality results would be paramount in the new procurement process. Therefore, strict quality assurances would be built into every contract the state awarded. Large managed care organizations, of the kind that competes for these contracts, always maintain their own in-house quality assurance divisions to ensure the quality of providers' care. In the new system, providers' performance would also be monitored by an independent quality assurance

organization that had won a contract to fulfill this function. The state would be afforded several leveraging points to ensure that private managed care organizations fulfill their contracts. Such measures would allow the state to withhold payments, impose performance penalties, and terminate contracts. In addition, the state would require and compile regular reports from providers on the desired outcomes their services yield. Both providers and the types of services they offer would be evaluated and ranked at least annually, according to their effectiveness. Those providers or services that do not consistently deliver desired outcomes would be discontinued.

Re-contracting for outcomes would be achieved through an implementation plan that could be completed in as few as three years. A major benefit of a three-year phase-in would be the opportunity to develop and enhance incrementally provider capacity and procurement expertise.

Implementation Plan.

1. The Secretary of Family Services would appoint commissioners and policy directors for each of the four divisions: Children's Services, Rehabilitative Services, Transitional Assistance, and Health Services.
2. Commissioners and policy directors, forming specific policy teams, would identify target/priority client populations to be served.

3. Each policy team would determine specific needs, outcomes, and measurable indicators for each sub-population/service group within a target population.
4. Each team would identify preferred practices for achieving desired outcomes, expressed in terms of types and quantities of services, to determine the feasibility and cost of attaining the outcomes.
5. The teams would convert this data into procurement specifications and develop and issue Requests for Proposals for services, in the following order:
 - Hospital level of care services
 - Residential level of care services
 - Non-residential level of care services
 - Monitoring services
 - Case management services

► Action:

Establish four new departments: Children's Services, Rehabilitative Services, Transitional Assistance, and Public Health Services.

With new guiding policies and an outcome-based budgeting and procurement process, the Secretary of Family Services would consolidate into four new client service departments the current Executive Office of Health and Human Services; its 14 subordinate agencies; and six other existing agencies, boards, commissions,

Four New Departments

Existing Departments	New Departments			
	Children's Services	Rehabilitative Services	Transitional Assistance	Public Health Services
Social Services (DSS)	●			
Youth Services (DYS)	●			
Office for Children (OFC)	●			
Architectural Access Board (AAB)		●		
Mental Retardation (DMR)		●		
Disabled Persons Protection Commission (DPPC)		●		
Bureau of Institutional Schools (BIS)		●		
Governor's Commission on Employment of Persons with Disabilities (GCEPD)		●		
Massachusetts Commission for the Blind (MCB)		●		
Massachusetts Commission for the Deaf and Hard of Hearing (MCDHH)		●		
Massachusetts Developmental Disabilities Council (MDDC)		●		
Massachusetts Office On Disability (MOD)		●		
Massachusetts Rehabilitation Commission (MRC)		●		
Transitional Assistance (DTA)			●	
Office of Refugees and Immigrants (ORI)			●	
Mental Health (DMH)				●
Public Health (DPH)				●
Division of Medical Assistance (DMA)				●
Division of Medical Security (DMS)				●
Rate Setting Commission (RSC)				●

and councils now found under the Executive Office for Administration and Finance, the Executive Office of Education, and Executive Office of Public Safety.

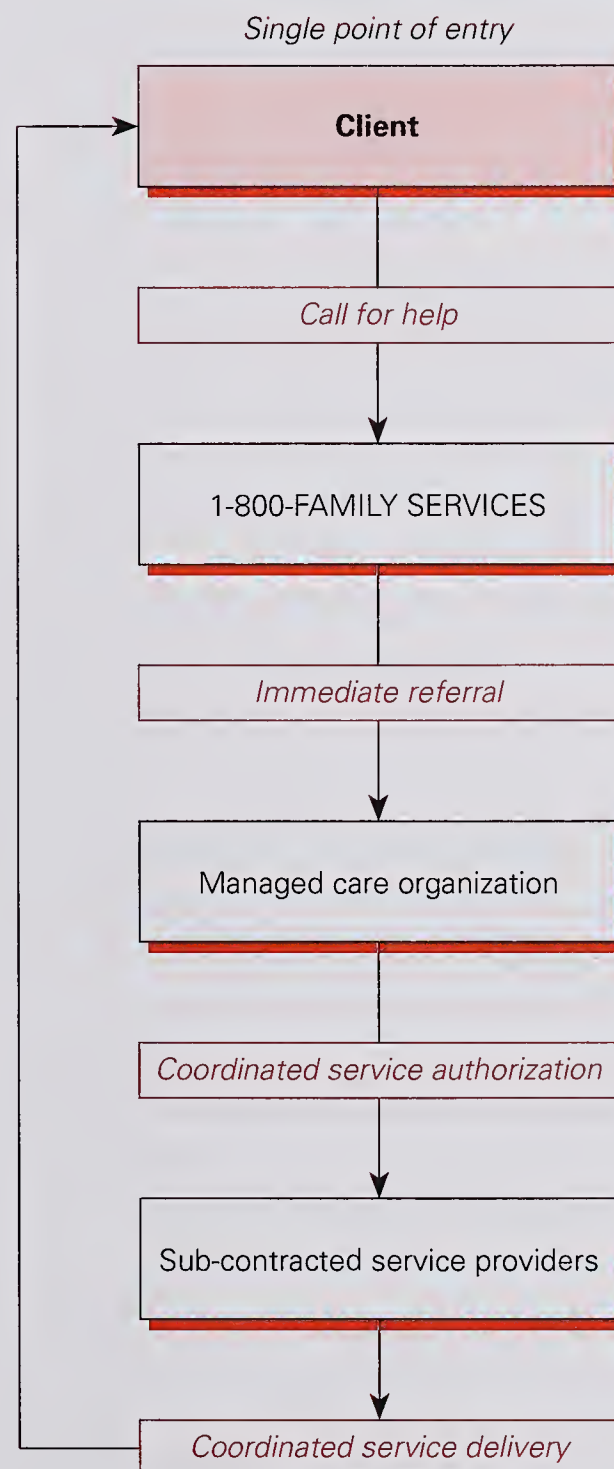
The ultimate goal would be for each of these new departments to focus primarily on designing programs and managing contracts with private providers delivering those programs. Most support services (fiscal, personnel, legal, investigative, information technology) would be managed centrally, freeing departmental staff to concentrate on their core missions. The functions of the Bureau of Special Investigations, now housed in the Executive Office of Public Safety, would also be transferred to the new Secretariat.

► **Action:**
Establish a single point of entry for all clients.

Currently, people in need must choose from hundreds of points of entry to the service delivery system. They have to assess the problem, and then guess which executive office, commission, board, department, council, agency, state hospital, or area/regional office might provide the appropriate services. The first door chosen is often the wrong one. If they are lucky, someone directs them to the right door; too often, however, all points of entry to our complex service system remain confusing. It is a wasteful, draining, demoralizing process that can deny access for all the wrong reasons.

New Client Encounter and Service Delivery System

Under the new system, a client would simply call a toll-free number and connect with a human services professional.



Once a client finds the right door, the bureaucratic process is far from over. In fact, it has just begun. Usually a client has multiple needs that must be met by different agencies. For each service required, the client is assigned a case manager, or a social worker, or a service coordinator—and, of course, a service provider.

There is a better way to do business. People in need should be able to call a toll-free number and connect with a human services professional who is able to answer their questions knowledgeably, forward them to emergency services if necessary, refer them to one case manager for all their needs, perform a quick initial assessment of eligibility for cash assistance, and update their records immediately for all actions taken.

This new single-point-of-entry system would gradually reduce the need for an extensive system of expensive and unwieldy state administrative offices. With fully computerized records organized around the client, rather than around each separate program, most business could be conducted without a trip to the local state-agency field office.

Over a three-year period, a coordinated network of managed care organizations could assume an increasing share of the state's direct interactions with people in need; moreover, they would want to do so as part of their comprehensive management of clients' health and human services

Managed Care Works

Millions across the country are today enrolled in private managed care organizations for their health care. Since 1992, almost 500,000 Massachusetts Medicaid recipients have participated in managed care. The results have been dramatic: lower costs, better quality, and more satisfied recipients. A single managed care organization—Mental Health Management of America—now provides mental health and substance abuse services to the 380,000 Medicaid recipients who need those services.

needs. A client would then need to deal with only one case manager, employed by the managed care organization, who would determine eligibility and need, make referrals for services, and disburse benefits.

► **Action:**
Convert all public health facilities to public enterprises.

To create incentives for the state's 16 public hospitals, mental health hospitals, and schools for the mentally retarded, as well as nine community mental health centers, to develop and offer at the lowest possible cost services for which there is strong demand, the Commonwealth should convert them to "public enterprises."

As such, these facilities would operate independently of the agencies to which they previously reported. They could accept clients referred from any source, and would not be obliged to serve particular populations. Staff members of these public enterprises would remain Commonwealth employees and their working conditions would be defined through

separately negotiated, public collective bargaining agreements. And the public enterprise would continue to obtain financing for new capital investments through the legislative appropriation process, rather than private lenders.

So what would be different? To secure operating revenue, a facility would have to sell its services or products on the open market to government and private health and human service organizations. In other words, the facility would have to compete. It would have the freedom to develop new services or products, to achieve cost advantages, or to leave the market due to lack of competitiveness. This strategy would allow well-managed, cost-effective facilities the opportunity to specialize, innovate, and grow. It would leave no room for facilities that could not attract clients because patients choose to obtain their care elsewhere.

The Secretary of Family Services would phase in the conversion of 25 public facilities over a two-year period. Initially, a newly formed public enterprise would rely on referrals from the departments within Family Services. The public enterprise implementation plan would establish a transition period for each facility to move gradually away from dependence on a state subsidy. Careful planning would be critical.

Implementation Plan.

1. Direct each facility's Chief Executive Officer (CEO) to develop by June 1996 a two-year (i.e. fiscal year 1997 and fiscal year 1998) plan for the facility's transition to a public enterprise, with the primary objective of eliminating all subsidies to the facility by the end of the transition.
2. Require as part of each facility's transition plan a "break-even," two-year budget detailing all new service offerings, cost reductions, and expected revenue enhancements necessary to allow the facility to become a true public enterprise by June 30, 1998.
3. Develop, in consultation with each facility CEO, plans for re-negotiating—within two years—all collective bargaining agreements that would be affected by the facilities' conversion to public enterprises.
4. Develop, in consultation with each CEO, a plan for implementing a full-cost accounting and performance measurement system at each facility.
5. Schedule for each facility a series of clear milestones to be achieved during the transition to a public enterprise, against which its management team's performance could be evaluated.

To facilitate the conversion, the Secretary would also formally terminate the direct reporting relationships that currently exist between the facilities' CEOs and the Commissioners of their parent government agencies. The Secretary would appoint a Facilities Transition Manager, who would report directly to the Secretary, and for the duration of the two-year phase-in, oversee the day-to-day work of completing the transition of all public health facilities to public enterprises on schedule. Each facility CEO would be given full authority for hiring and firing staff members and making other required facility management changes; in addition, the CEO would be fully accountable for the facility's bottom-line results.

Public Managed Care: Already Working in Massachusetts

The Massachusetts Division of Medical Assistance and Mental Health Management of America (MHMA) in the two-year period January 1992 to January 1994 have created and implemented a statewide managed care program for mental health and substance abuse services. The program covers over 375,000 enrollees, nearly 500 agencies, and hundreds of individual providers in one of the nation's largest and most professionally sophisticated states. The program has achieved positive results in a number of important areas including:

- Increasing the number of users of service per Medicaid enrollee from 21.3% to 22.3%.
- Reducing mental health/substance abuse expenditures by \$46.8 million (22%) compared to the expected level without the waiver.
- Reducing the total 30-day recidivism rate from 19.9% to 18.9%.
- Reducing the use of inpatient hospitals and expanding the range of 24-hour services to include detox centers, acute residential treatment facilities, and diversionary beds....
- Receiving a generally positive evaluation from providers of the quality of treatment related decisions made by MHMA reviewers....
- In all its contracts, the evaluation team found that the staff of Medicaid and MHMA were well regarded. The fact that most of the leadership of MHMA were respected local professionals seemed to increase their credibility among their peers. These results attained over the two-year period are a major accomplishment for Medicaid and MHMA.

—*Evaluation of the Massachusetts Medicaid Mental Health/Substance Abuse Program*,
Heller School for Advanced Studies in
Social Welfare, Brandeis University,
January 24, 1994



“To steward more effectively our public lands and natural resources, by consolidating our duplicative parks and recreation agencies and focusing on ends over means in protecting our environment”

Today, responsibility for managing our public facilities—parks, pools, golf courses, historic sites, dams, and beaches—is divided among many state agencies. The result is needless duplication of administrative staffs, facilities, and capital equipment. In a streamlined state government, these duplicative agencies would be consolidated into one, and operating costs would be significantly reduced as a result.

Today, the Department of Environmental Protection (DEP) is charged with establishing and enforcing environmental standards. The Department also issues permits to businesses and public agencies whose activities impact the environment. In a downsized state government, these activities would be recognized as distinct. The Department would continue to establish and enforce our environmental objectives. However, with DEP moving to phase out traditional permits in its new Environmental Results Initiative, the administration of the remaining permits would be transferred to the new state Department of Licensing and Regulation.

Stewardship over the Environment — An Essential Government Function

Protecting the environment is an essential function of state government. And a “core value” for Americans. Nowhere is this more true than in Massachusetts.

We do not own the rivers, forests, sea, and sky, the animals, birds, and fishes—they are our legacy to our children. The quality of the natural environment we leave them is as important as the schools and roads we build, and says as much about our concern for their future.

Recognizing that the private market will not reliably attend to the environment’s preservation, the Commonwealth’s citizens look to state and local government to provide appropriate oversight—not to antagonize and distrust, but to cooperate in striving toward shared goals for a cleaner state.

The Guiding Principles

- *Put the Citizen First.* Few inside or outside government could seriously argue that we need—and should ask the taxpayers to fund—two parks and recreation agencies with virtually identical assignments. This duplication, frankly, serves only to appease state employee unions and their protectors. But putting the citizen first is not about preserving unnecessary state jobs and patronage positions. It's about making every taxpayer dollar count. Consolidating the parks agencies is a no-brainer. Not doing it is inexcusable.

Putting the citizen first is also about getting off his back. When a homeowner pulls out a leaking fuel-oil tank from his backyard, expecting to write a check for \$700, and instead gets whacked with a four-inch-thick stack of state-imposed paperwork and an \$18,000 bill—for massive soil removal and cleansing, groundwater purification, and special environmental consulting services—something is terribly wrong.

- *Demand Measurable Results.* The new state government would focus on environmental results. It would refocus its efforts on what it does best: setting pollution standards and aggressively enforcing them. It would spend less time writing permits—telling business

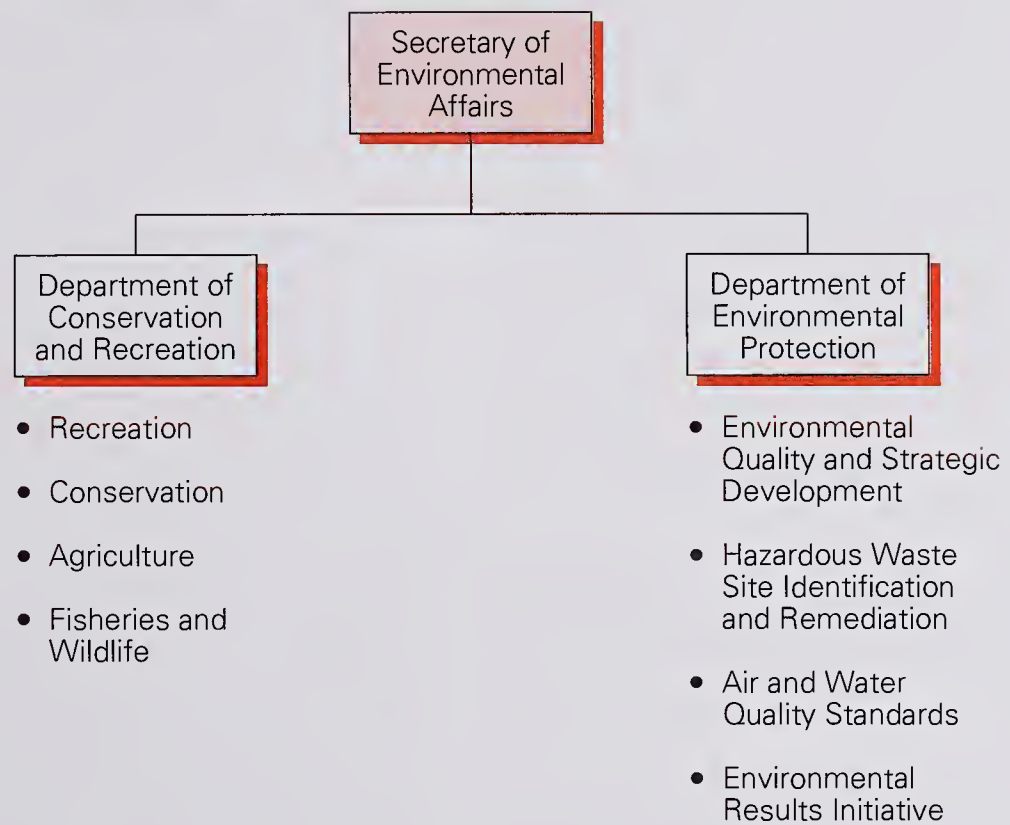
how they have to run—and more time ensuring compliance.

- *Rely on Markets.* When it comes to our public recreational facilities, relying on markets means turning to the private sector to ask what it can do for less money and for better results. The benefits of privatization are proven. Our newly privatized skating rinks offer longer hours, a longer season, better ice, a boon to the local retail economy. And they cost less. The same opportunity for better service at a lower cost—without an increase in user fees—is available through competitive contracting for our pools, our golf courses, and our remaining 22 skating rinks.

For our environmental regulators, relying on markets means new regulatory approaches that are outcome- and performance-based: encouraging industry to prevent pollution through incentives, not punishments.

- *Simplify.* Do we need to employ dozens of state bureaucrats to issue over 5,000 permits every year? Do we need environmental regulations and procedures that fill 3,500 pages? Common sense suggests we don't. Less government for Massachusetts means less regulation, fewer forms, and less hassles for individuals and businesses.

Environmental Affairs Organization



Environmental Initiatives

► Action:

Create a new Department of Conservation and Recreation consisting of the Division of Fisheries and Wildlife, the Metropolitan District Commission, the Department of Food and Agriculture, the Division of Conservation Services, and the Water Resources Commission; transfer the remaining permitting functions of the Department of Environmental Protection and the Massachusetts Environmental Policy Act (MEPA) to the new Department of Licensing and Regulation.

Currently, there are four departments providing natural resource conservation, recreation, and wildlife protection services in the Commonwealth. Previous proposals for combining two of these departments—the Department of Environmental Management (DEM) and the Metropolitan District Commission (MDC)—have been rejected by the Legislature. DEM and the MDC both manage pools, parks, historic sites, forests, dams, and beaches—sometimes side-by-side. Under the new state government, one entity responsible for resource conservation and recreation would manage these resources better and save money.

For instance, DEM manages open space lands to support wildlife and its habitat, while the same function is performed by the Division of Fisheries and Wildlife on its 81,000 acres of land. Fisheries and Wildlife's public access board builds boat ramps on lakes where DEM runs park facilities. Both Fisheries and Wildlife and the Division of Food and Agriculture regulate and promote aquaculture—fish farming—in the Commonwealth.

A new Department of Conservation and Recreation. The Commonwealth's stewardship function takes many forms—forest management, watershed protection, open space acquisition, endangered species protection, agriculture support, and environmental education. The unification of the Metropolitan District Commission, the Department of Environmental Management, the Division of Fisheries and Wildlife, and the Department of Food and Agriculture in a new Massachusetts Conservation and Recreation Department would bring consistency to the Commonwealth's efforts to plan, manage, and protect its open space, recreation, and historic properties.

The department would protect endangered species and wildlife habitat, as well as support the agricultural community. The state's environmental police officers would become conservation officers, charged with responding to all park and conservation divisions on matters of natural resource management and protection.

To waste, to destroy, our natural resources, to skin and exhaust the land instead of using it so as to increase its usefulness, will result in undermining in the days of our children the very prosperity which we ought by right to hand down to them amplified and developed.

—Theodore Roosevelt, Message to Congress, December 3, 1907

Consolidate administrative staff as well as human resources, legal, management information systems, fiscal, and payroll functions. Today, Massachusetts' four environmental agencies occupy three Boston locations. The executive office and each agency maintain separate legal, human resources, payroll, clerical, and management information systems departments. The highest management layer includes deputy secretaries, commissioners, chiefs of staff, deputy commissioners, directors, and deputy directors. Consolidating these agencies physically and structurally would downsize and streamline this top layer, enhancing the coordination and allocation of resources for vital programs.

Transfer roads and bridges of the Department of Environmental Management and the Metropolitan District Commission to the Massachusetts Highway Department. DEM and the MDC maintain over 3,000 lane miles of roads and bridges in state parks and parkways. These assets could be better maintained by the Massachusetts Highway Department, which already has responsibility for 95 percent of the state's

highway system. MassHighway would also assume responsibility for the state's draw bridge operations and dredging projects.

► **Action:**

Transfer the Department of Environmental Protection's remaining permitting function and the responsibility for the Massachusetts Environmental Policy Act to the new Department of Licensing and Regulation.

In a newly consolidated government, citizens and businesses would turn to the Department of Licensing and Regulation for all licensing activities. DEP's previously announced permit streamlining efforts should continue. These efforts would replace the traditional environmental permitting process with performance-based protection. The number of permits required by businesses would be dramatically reduced, and current permitting resources would be reallocated to compliance and enforcement activities. Effective enforcement of environmental regulations is critical to ensure the protection of public health as well as our economic competitiveness. It levels the playing field for the regulated community so that those who would seek to circumvent the regulations do not benefit at the expense of those who play by the rules. From an environmental perspective, proper en-

forcement ensures that the intended benefits of environmental regulations are realized without burdening businesses.

MEPA would move to the Department of Licensing and Regulation as well. Operating as an independent entity, MEPA would continue to coordinate permitting for large-scale projects, analyzing environmental impacts and ensuring public input in the development of these ventures.

► **Action:**

Eliminate funding for the MDC Stress House.

Government has no business funding, at \$100,000 a year, its own Stress House. Mental health and substance abuse counseling program for state employees are available through the state Employee Assistance Program and employees' health insurance plans at little or no cost.

► **Action:**

Eliminate milk dealer licensing.

The Department of Food and Agriculture charges all retail stores that sell milk a \$10 license fee—even the sandwich shop on the corner must get a license and pay up. The current system imposes costs on the retailers without delivering any measurable benefits to the dairy industry.

► **Action:**

Transfer MDC horse stable to State Police.

The MDC's mounted police unit was earlier consolidated with the State Police, but the horse stable was never transferred. It belongs in the Public Safety Secretariat.

► **Action:**

Provide local control of MDC "tot lots."

The MDC has 14 "tot lots"—local playgrounds—in seven communities. As neighborhood facilities, these playgrounds should be operated by local governments, which would provide better access, maintenance, and programming. Free of such responsibilities, the new Department of Conservation and Recreation could better focus on larger recreation issues statewide.

► **Action:**

Competitively contract the operation and maintenance of 22 skating rinks, 39 pools, and three golf courses.

DEM and the MDC operate a total of 39 urban swimming pools for a brief summer season. In addition, the MDC runs 22 skating rinks and three eighteen-hole golf courses in Metropolitan Boston. Facilities are generally in poor condition and can-

not meet the public's demand for recreational services. Golfers must contend with dirt (rather than grass) tee-off areas, poor greens, and few clubhouse services. Skaters face short rink seasons and poor ice quality, due to aging and obsolete facilities. Building on the success of DEM's competitively contracted rink operations, the Department of Conservation and Recreation would contract for the maintenance and operation of the MDC's rinks, pools, and golf courses, as well as DEM's pools. The goals: more creative programming, affordable user fees, better service, longer hours of operation, and improved maintenance.

► **Action:**

Eliminate Low Level Radioactive Waste Board and Hazardous Waste Facility Site Safety Council.

The Low Level Radioactive Waste Board was created in 1987 with the mission of either siting a low level radioactive waste disposal facility in Massachusetts or entering into an interstate compact to arrange for the disposal of these materials. During the eight years that the Board has been pursuing a long-term solution, many waste generators have developed on-site storage as a temporary arrangement, and other waste has been shipped out of state on short-term contracts. The Board has not obtained public support for siting a

facility in Massachusetts; alternatives for out-of-state disposal could be negotiated by the Secretary's office.

The mission of the Hazardous Waste Facility Site Safety Council is to provide a forum for public review and comment before a facility that stores, treats, or disposes of hazardous chemical waste is sited in Massachusetts. There are currently eleven such facilities. Once sited, DEP permits these facilities with MEPA review. It has been two years since the Council has had a proposal to review; the requirement for public review could be fulfilled by the process MEPA stipulates.

► **Action:**

Sell MDC headquarters building.

The staff now housed in the MDC headquarters building on Somerset Street in Boston should be located with other environmental agency staff. In addition to the obvious efficiencies of staff co-location, the Commonwealth would avoid facility operating expenses of approximately \$100,000 annually. The 48,000-square-foot headquarters building, constructed in 1932, is valuable for its location. Average sale for comparable space in the Government Center area is \$75 per square foot. The Public Property Secretariat could sell the MDC building once vacated.

► **Action:**

Privatize management and operations of the MWRA.

The Massachusetts Water Resources Authority (MWRA) was created in 1984 to operate and manage public water and sewer systems serving 61 communities in the metropolitan area. The rates its customers must pay face sharp upward pressure, in large part because they must help finance the construction and repair of treatment facilities required for a clean Boston Harbor.

As experience in other parts of the country has proven, privatizing the management and operations of the MWRA's water and wastewater facilities would help relieve the pressure on rates. There are roughly 400 contracts in place nationwide, and the national and regional firms that have won these contracts have been able to keep costs down, while meeting regulatory requirements with greater efficiency and improving plant performance. Private contracting at the MWRA would bring greater operational flexibility to the deployment of staff, leasing procedures, and other business functions. And increased flexibility would permit greater control over costs.

In the new state government, the Executive Director of the MWRA would issue Requests For Proposals to privatize all or some management and operations func-

tions by June 1996. The Executive Director would then review, evaluate, and recommend to the MWRA board of directors viable privatization alternatives.



“To sustain our commitment to Massachusetts elders—who constitute a rapidly growing portion of the Commonwealth’s population—by fighting for their safety, reducing their tax burden, and improving access to state and local services”

For many years, Massachusetts has had more elders per capita than the nation as a whole. In 1908, seniors made up 12.7 percent of the state’s population; in 1990, 13.6 percent of the populace was over 65 years of age. That figure is expected to climb to almost 15 percent by the year 2010.

In a downsized government, the Executive Office of Elder Affairs would remain a cabinet-level position providing clear accountability and a single point of access for elder services.

“Too often . . . your contributions and needs [as a Massachusetts senior] are overlooked. How to manage on a fixed income? How to best arrange for long-term care for yourself or your spouse? How to avoid being victimized by crime, especially by scam artists who prey on the elderly? How to arrange transportation, such as trips to the grocery or to the doctor, or even a trip to the beach . . . As a society, we should be making your life easier, not more difficult. We want to make sure that your needs and concerns are heard and met.”

—Governor William F. Weld

Caring for Elders — An Essential Government Function

- ***Put the Citizen First.*** The vast majority of the Secretariat’s state funding—\$103 million of its \$125 million in budgetary spending for fiscal year 1996—flows to home care programs that directly benefit seniors in their own homes. State government’s obligation to all its citizens to spend responsibly and tax reluctantly is also upheld by this investment, as more costly institutional care is avoided.
- ***Demand Measurable Results and Rely on Markets.*** Elder Affairs relies on private organizations, not state employees, to deliver services. Home care and other services are provided by private, non-profit, community-based organizations including home care corporations, area agencies, and municipal Councils on Aging. Performance contracting stresses quality assurance measures and client outcomes. Funding for municipal

Elder Affairs Organization

Secretary of
Elder Affairs

- Home Care Programs
- Councils on Aging
- Elder Nutrition
- Employment and Volunteers
- Elder Protective Services

Councils on Aging joins local funding sources to provide health screening and information, transportation, senior center activities, and companionship. The Managed Care in Housing pro-

gram focuses on elders in housing complexes who are not eligible for Medicaid and who would otherwise be at risk of institutionalization.

- *Simplify.* This year, Elder Affairs is working with the Division of Medical Assistance (which would be consolidated into the Department of Public Health Services in the new state government) to establish a system of managed, long-term care services. Consistent with the principle of simplicity, the private home care corporations will establish a single point of entry—Aging Service Access Points—for all Massachusetts Citizens seeking information about long-term care.

EDUCATION AND TRAINING



“By funding outcomes and individuals, not institutions, ensure all Massachusetts residents access to public and private schools, colleges, and job training programs, honed by market competition”

Over the last quarter century, we have witnessed a dramatic restructuring of our economy in Massachusetts. By the turn of the century, that transformation will be complete. Quality schooling beyond the high school level will be a prerequisite for well paying, full-time jobs beyond the entry level.

Over the same period, we have observed the steady decline of our public education system. Annually, we are reminded of the system's inadequacy by such objective measures as the Massachusetts Educational Assessment Program. Our current system fails, as a whole, to prepare our young people with even the most basic competencies—to calculate proficiently, to analyze complex text, to write clearly and accurately—let alone a mastery of advanced subjects. By the time many of these students have attained basic skills, society will have paid for their education four times: once in public primary education, again in high school, yet again in college, and finally, by their employer in remedial education programs.

Fundamental change in our public education system is required; few would argue otherwise. This must be undertaken not years from now, when our hopes of sustaining America's prominence in the world economy have grown dim, but today.

The Weld-Cellucci Administration, in partnership with the Legislature, undertook the first steps to radically reform the Commonwealth's K-12 and higher education systems by enacting the 1993 Education Reform Act and consolidating previously separate state universities into a unified University of Massachusetts system.

But that is not enough. Now we must take the next critical steps. The proposed Board of Education and Training represents the long-overdue integration of the K-12 and higher education systems as well as the Commonwealth's job training programs.

The structure of the state education agencies—the Executive Office of Education, the Department of Education, local school committees, and the Higher

Education Coordinating Council—reflects the long-standing turf distinctions between the K-12 and higher education systems. Similarly, the various job training agencies and programs—the Massachusetts Jobs Council, vocational-technical high schools, the Department of Employment and Training—mirror the ongoing battle of job training as economic development policy versus job training as life-long learning.

An integrated system would allow for coordinated policy development, alliances between the business and academic communities, elimination of the division between academic and vocational education, and reallocation of more resources from the education bureaucracy to the classroom. In so doing, Massachusetts would be following the lead of many other states—including Indiana, Washington, Oregon, and Texas—which have assigned responsibility for education and training to a single state board.

In the new state government, the management and provision of public K-12 education and job training would rest principally with local government and the private sector. The state's role would be to ensure that no child in the state is denied access to a free, quality primary and secondary education because of the limited resources of the child's own city or town, and that no adult attempting to improve his or her job skills is unable to do so.

Accordingly, the state would cease appropriating money directly to K-12 institutions, regardless of their quality; instead, it would appropriate funds to individuals, empowering them to spend that money at the institution of their choice. Institutions that offered a quality product would not only survive, they would often expand; institutions that failed to perform, in the assessment of their customers, would eventually be forced to close. No longer would inner-city children be locked into long-failed public schools and denied the most basic skills to earn a living.

Moreover, under the new state government, no student choosing to attend a public college or university would be forced to accept a second-rate education. The personnel and program policies, currently determined by administrators at our various public institutions, would be developed and implemented by the Board of Education and Training. In addition, the Board would have the power to allocate state resources to institutions, based on their performance. This funding mechanism would improve the quality of our colleges and universities by making the receipt of limited state dollars contingent upon the attainment of defined standards.

Ensuring an Educated Citizenry — An Essential Government Function

All parents recognize that their children will not succeed without a rigorous academic education. Every institution responds most to those who control its

purse strings. The best way, therefore, for government to fulfill its obligation to provide a free, high-quality education is to empower all families to shop for what they judge best for themselves and their children.

In today's information economy, realizing the American middle-class dream increasingly depends on attaining an advanced degree; the state has a responsibility to ensure that our public higher education campuses offer a low-cost, high-quality education.

As our state's economy continues its profound restructuring, a job for life will become a thing of the past. Government has a role in easing this transition and helping Massachusetts residents acquire the new skills needed for the jobs of the future.

If a nation expects to be ignorant and free, in a state of civilization, it expects what never was and never will be.

—Thomas Jefferson, in a
letter to Colonel Charles Yancey,
January 6, 1816

The Guiding Principles

- *Put the Citizen First.* Too many of our public primary and secondary schools function more as employment systems—providing a job for life for their employees—than education systems. The new state government would cor-

rect that by directing funds away from institutions and toward their customers. Parents should have the right to take the money appropriated by state and local governments for their children's education to the school of their choice, public or private.

How should the state make the very most of its necessarily limited contribution to higher education? Today, it expends these monies principally by subsidizing a multiplicity of public institutions that are insulated from market competition, over which we have little control; quality predictably suffers as a result. The families who choose these institutions—largely from the middle class—get a big financial break, but their children must often settle for a product that could be improved.

We propose instead that the state's limited investment in higher education be block-granted in a single appropriation to the new Board of Education and Training; the Board would allocate resources to campuses and components of the public higher education system in accordance with their performance. The quality of these institutions—the state colleges and the University of Massachusetts, in particular—would improve steadily as competition for resources forced them to undertake long-delayed improvements.

In job training, the new state government would put citizens first by providing them with a voucher and letting them decide how to use it. No longer would job training agencies, funded by the state, place adults in a certain training course just because there is an empty seat there. In addition, the authority and the resources for job training programs would be shifted away from state agencies and toward local workforce development boards that best understand local labor markets. These citizen boards would be empowered to select operators to run local career centers providing career assessment, counseling, vouchers, and job placement assistance.

Putting the citizen first also means taxing reluctantly and making the most of every dollar. In Boston's public schools today, 40 percent of the taxpayers' dollars, absorbed by a bloated administrative structure, never reach the schools, let alone the classrooms. Under the new system of open enrollment, *every* dollar would reach the school of the parents' choice. Thus, all children could enjoy the benefits of small classes, foreign language instruction, well-maintained buildings, adequately paid teachers, and an extended school day and year—for no more than we spend on education today.

All in all, unless we move to a market-oriented education and training system, we will continue to deny low- and

We need to fundamentally change the way that the workforce development programs in the Commonwealth operate, and it is critical that this change take place at the local and regional level. Each community knows best the issues and problems facing their region, and they are in the best position to find the right solutions. Our job at the state level must be to steer; not to row.

—Lt. Governor Argeo Paul Cellucci

middle-income families choice in education, and we will continue to waste taxpayers' dollars.

- ***Demand Measurable Results.*** Parents of every income and background are clamoring for something better in education. If given control over the dollars spent on education, they'll demand measurable results. They'll demand safe schools. They'll insist on qualified teachers and a rigorous curriculum. They'll reject the nonsense and insist on substance. They'll study the test scores and interview the teachers.

We don't just hope this—we know this. In Boston this fall, 2,000 parents—closely mirroring the economic, racial, and ethnic diversity of the city—applied for a seat for their children in the new Renaissance School, part of a new generation of charter schools. When they applied, there was no building; there was no faculty; there were as yet no results. But for the same dollars spent per child by the Boston public schools, they were promised a world class education, a computer in every home, and a school open from 7:30 in

the morning to 7:30 at night. And today, 630 of their kids, lucky enough to have been chosen at random, are getting it.

Similarly, given the power to pay for job training programs, the new workforce development boards would establish goals and standards for these initiatives. By constantly gauging customer satisfaction, the system would be focused on constant improvement. Contract renewals would be determined by the satisfaction of students and employers. Individuals could log on to the Internet at a career center or at home; surf the Massachusetts workforce development network; and browse through course listings, graduation rates, available jobs, student achievement measures, and the job placement rates of various career centers.

- ***Rely on Markets.*** Introducing choice, vouchers, and competition in the education system means no less than ending the education monopoly. It is this monopoly that has caused too many schools to settle comfortably into mediocrity. Ending it is vital to reverse this deleterious trend and begin a course of steady improvement. That's already happening in the communities where the first charter public schools, competing with the traditional public schools, have sprouted. Marblehead found a way

Education and Training Organization

Board of
Education
and Training

- Early Childhood
- K-12
- Higher Education
- Job Training

to do suddenly more with less in its middle school. Boston opened its first pilot schools, providing at long last many of the same conditions of success that the new charter schools afforded. Extended to our entire education and training system, market competition would foster the same dynamic of improvement.

- ***Simplify.*** The organization of education and training at the state level is needlessly complex and disjointed. It consists of three education bureaucracies and 49 training programs, scattered across five secretariats and 12 agencies, and overseen or advised by countless boards, councils, and committees. The result is duplication, incoherence, inefficiency, and waste. This is partly due to the false distinctions drawn between education and job training. Primary and secondary schooling, post-secondary education, and job training are, after all, merely different points on a single continuum of life-long learning.

Accordingly, the new system would be organized under one Board of Education and Training. This simplified organizational structure would eliminate duplicative administration (thereby allowing for the reallocation of millions

of dollars to localities and consumers); improve policy coordination; and most importantly, make the Commonwealth's education and training system understandable and accessible to its users.



Education Initiatives

► Action:

Consolidate the education agencies and establish a new single Board of Education and Training.

A single Board of Education and Training would replace the current Board of Education, the Higher Education Coordinating Council, and the MassJobs Council. The new Board would be responsible for all education and training programs in the state.

The Board would be staffed by a new Office of Education and Training. Consolidated in the new office would be the Department of Education; the Executive Office of Education; the Higher Education Coordinating Council; and the 49 separate job placement, adult education, and job training programs currently housed in five different secretariats and 12 agencies. Duplicative administrative

Eliminate the Executive Office of Education and the Higher Education Coordinating Council. The EOE and HECC often operate at cross purposes, confusing the message to individual colleges and universities Any functions of data gathering or information dissemination can be provided through alternative offices or mechanisms at substantial savings.

*—K. Robert Malone, Citizen,
Holliston, Massachusetts*

staff—including policy, budgeting, legal, press, and support staffs—would be eliminated. The new office would be responsible for, among other things, the implementation of policies adopted by the Board as well as the oversight of early childhood programs, the K-12 voucher program, parent information centers, the school lunch program, the new core curriculum and statewide assessments, special and bilingual education, receivership of

non-performing primary and secondary schools, the higher education scholarship program, student financial assistance, federal education and job training programs, and one-stop career center contracts. By getting out of the business of telling schools how to run their affairs—who they can hire, what pedagogies to employ, how to spend their money—the consolidated office would be dramatically smaller than the largest of the state’s current education agencies, the Department of Education.

► **Action:**
Voucherize primary and secondary education throughout the Commonwealth.

Our system of tax-supported education has for 150 years provided many of the primary embarrassments to America’s image as a just society. America, for example, is still resolutely unfair to the children attending government schools in those districts that are disfavored by the poverty of their tax bases. This form of fiscal discrimination is unique among Western nations. . . . It also happens to be constitutional.

—John E. Coons, *School Choice as Simple Justice*

With the new charter schools and limited school choice, competition in public education is already at work in Massachusetts. The lucky students participating in these programs are benefiting from a better education. Now we must extend these benefits to all students.

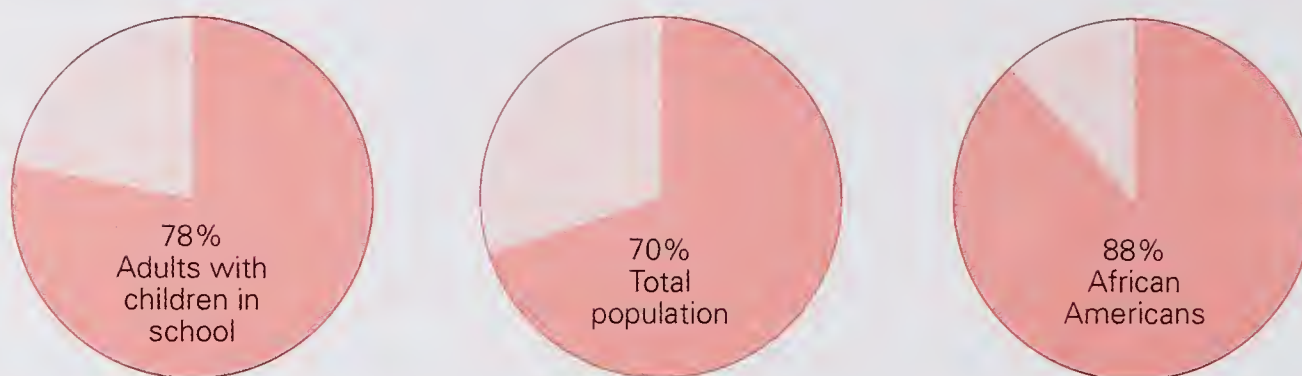
The K-12 voucher program would be open to all public school students in the Commonwealth, regardless of residence or family income. Simply, each Massachusetts student would receive a voucher equal to the average amount his city or town has appropriated, out of state and local funds, for his education. Thus, the value of the voucher would appropriately reflect not only the local cost of education (which varies significantly across the state), but also the priority townspeople assign to education.

In this way, the voucher initiative would build directly on the landmark school finance reforms of the 1993 Education Reform Act. The Act’s “foundation budget” ensures that every city and town, regardless of means, will obtain the state aid necessary to operate quality schools. The Weld-Cellucci Administration has met its commitment to the foundation budget, increasing state school aid each year by more than \$200 million. That commitment would be sustained; no child in the Commonwealth would be denied a sound education because of a community’s limited means. The voucher amount would never be less than the average per student spending.

The voucher program would be implemented in two distinct phases:

First, open enrollment would be enacted, allowing every student to attend not just his or her neighborhood school, but any public school in the Commonwealth.

Who Wants Choice?



Sources: *School Choice for Fundamental Change in Education*, Pioneer Institute, February 10, 1993; *The Legislature's Education Reform Bill*, Pioneer Institute, February 4, 1993

In addition, the arbitrary caps on the number of charter schools and the population of students who may attend them—imposed by the education special interests—would be lifted. These caps on the number of schools in our major cities, the number of students in each city who may attend them, the total number of schools in the state, and the total statewide population permissible in charter schools, harm students who are denied a better education in these schools; harm teachers, who applied in overwhelming numbers to work in the new schools; and benefit only the education monopoly and its advocates. The door opened to competition, many more grassroots proposals would be filed with the state to expand this new generation of public schools. Existing public schools would be encouraged to apply for charters themselves. Many public schools, frustrated by the vast array of contractual and regulatory constraints on their performance, would choose to opt out of central office supervision and become chartered.

Every public school student would receive a tuition voucher valued at the per pupil foundation amount of his resident city or town, redeemable at any public school in the Commonwealth—newly chartered or traditional; provided the school's student population remained constant, the amount of funding received by the institution would be precisely the same.

Massachusetts would also be the first to offer opportunity vouchers to low-income students statewide who chose to attend private schools. These vouchers would represent the per pupil foundation amount of the student's city or town of residence. Private schools wishing to redeem opportunity vouchers would have to apply for and receive a special school charter. The only requirements would be that they accept limited but essential supervision by the state, that they conform to the rigorous anti-discrimination clause, and

that their students meet statewide assessment standards. Some would decide to redeem the scholarship vouchers and comply with the state's conditions, including the requirements of open admissions and the prohibition on charging supplemental tuition and fees. Other private schools would, after some deliberation, choose to remain fully private institutions, rejecting the state's oversight in their affairs and refusing vouchers. Their ultimate decisions would reflect their unique missions and should, in all instances, be respected.

Since all voucher-redeeming schools would be public agents under the supervision of the newly formed Board of Education and Training, the voucher initiative would conform with both the state and federal Constitutions. All Massachusetts families would be empowered to obtain the education that is right for their children.

In the second phase, an amendment would be proposed to the Massachusetts Constitution that, if adopted, would allow parochial schools to redeem opportunity vouchers for low-income students. Parents would then be fully free to send their children to any school—public or private, religious or non-religious—that in their best judgment (not that of a state bureaucrat) best fulfills their aspirations for their children's schooling.

In addition, the state's Parent Information Centers would be expanded to ensure that every parent has the facts necessary to make informed decisions.

To ensure that all schools participating in the charter program would provide a high-quality education, the Board of Education and Training would oversee these institutions, focusing on outcomes and consumer satisfaction. The state would remove itself from the current practice of micro-managing process and measuring irrelevant inputs. Local schools would be free to hire whomever they choose, have as many school days as they choose, and adopt any educational philosophy they choose, provided they meet the statewide outcome requirements defined by the Board. After all, parents are less concerned with whether or not their child has received the number of hours of mathematics instruction required for high school graduation, than with whether that child can add, subtract, multiply, and divide. Should a school produce a student body that fails to meet these criteria, the Board would immediately replace its management. The new management would have all authority necessary to correct the performance of the school, including hiring and dismissing staff.

Q&A: Education Vouchers

Q: Would vouchers undercut equity?

A: No. In what sense is the current system equitable? Children from low-income families, especially those in the cities, are stuck in failing schools. Denied an education, they are, in overwhelming numbers, consigned to lives of economic failure. The middle class and the wealthy can opt out of failing schools for suburban, parochial, or private schools where they are at least assured of a quality schooling.

Under the new proposal, families of all incomes would be able to choose their schools. The worst-off in our present system—children from low-income families and urban schools—would be the most advantaged by receiving vouchers.

Of course, inequities in the present system should not be used to justify inequities in the new. Schools of choice should be rewarded for enrolling students from low-income families, where children are more likely to have suffered educational deprivation and to have parents who are themselves less educated. The foundation budget builds in additional amounts for each low-income or limited English proficient student; the voucher amount would reflect these additional funds.

Q: Won't vouchers increase economic and racial isolation?

A: On the contrary, they will foster genuine integration. It is the absence of choice that has fostered separate and unequal school systems, segregated by race and income.

Boston's public school population, for example, is 81 percent minorities, with 74 percent from low-income families. After 20 years of court-ordered desegregation and seeing the system's population drop from 64 to 22 percent white students, the court declared the

system "desegregated." No wonder. School quality was neglected for nearly two decades, so consumed was the system with meeting racial quotas. Meanwhile, the system lost half of its students, as parents who had the economic means to choose suburban, parochial, or private schools did so.

Fortunately, empowering all families can truly integrate our schools—virtually overnight. Consider Boston's choice schools, the first new public schools operating under charters from the state. They attracted a diverse enrollment even before they opened—without quotas. The largest school, the Renaissance Charter Public School, closely mirrors the city's school-aged population (see below).

Q: Won't vouchers weaken neighborhood schools?

A: No. As we've seen with the first charter schools, traditional public schools will improve—often rapidly—when afforded a little competition. And the new schools that sprout up, founded by local parents and community groups, will very much belong to their neighborhoods.

Q: Will vouchers withstand constitutional scrutiny?

A: Yes. The money would be provided to parents, not to institutions, and therefore the government would not be favoring a particular school's set of beliefs. Expanding the number of new schools operating under charter from the state would be perfectly consistent with the Massachusetts Constitution's requirement of public supervision.

	African American	Caucasian	Asian	Hispanic
City of Boston ¹	41%	36%	6%	18%
Boston Public Schools ²	48%	18%	9%	24%
Boston Renaissance Charter Public School	52%	25%	1%	14%

¹ 1990 Census
² Boston Municipal Research Bureau 1995 Facts

► **Action:**
Stop certifying teachers.

Eliminating the requirement for a teaching degree is essential to attracting the most talented individuals from all tracks of life for the remaking of our public schools.

It is a disquieting fact that relatively few teachers are currently drawn from the tops of their high school and college classes. To teach in our schools today, as a practical matter, one must acquire a teaching degree, but the institutions that offer such degree programs enroll most of their students from the bottom of high school classes. In effect, then, rather than ensuring the most competent teachers for our schools, our present certification policy guarantees only that our future teachers will have been among the worst students themselves. Any serious attempt to improve Massachusetts schools must break education schools' long-standing monopoly on teacher training. New Jersey's alternative certification program, which dropped the requirement for a teaching degree, produced striking improvements in teachers' performance. In the program's first five years, 30 percent of new "provisional" teachers taught in the demanding fields of math and science. Twenty-one percent of teachers who received alternative certification were minorities, compared to 11 percent of New Jersey's total teacher population. Ninety-three percent of alternative certification candidates

passed the National Teachers Examinations, compared to 86 percent of education school graduates. The Council for Basic Education determined that these provisionally certified candidates performed on average "significantly higher ... than ... those who have received standard certification."

The 1993 Education Reform Act requires that the Department of Education implement such a program of alternative certification. Unfortunately, the education special interests have encouraged the Department to ignore the statute. Similarly, a provision requiring that teachers be reassessed in their teaching skills every five years to remain certified has been watered down under pressure from the education monopoly—such that it can be satisfied by demonstrating that one has watched television for a certain number of hours.

It would be better still to let all our schools select their own teachers—as do the charter schools today—and let their leadership determine which credentials and experiences they deem most valuable. This would be in keeping with several studies which found that principals' own assessments of teachers accurately reflect the educators' effectiveness, as measured by their students' average achievement gains.

In the new state government, the Office of Education and Training would get out of the business of teacher certification and recertification altogether.

► **Action:**

Convert state assistance to higher education from institutional subsidies to outcome-specific aid.

The new Board of Education and Training would be empowered to supervise and fund all public higher education in Massachusetts. The Commonwealth would cease to appropriate separate operating subsidies for each campus and component of the public higher education system, and would instead provide the bulk of higher education funding to the Board of Education and Training in the form of a single appropriation. The Board would have complete discretion in distributing these funds to individual community colleges, state colleges, and the University of Massachusetts. This new system would improve education while eradicating individual fiefdoms that provide mediocre education.

The Board would use its power of the purse as a tool to eliminate duplicative programs, maximize the utilization of campus capacity, foster the regionalization of specialty programs, and focus institutions on their core missions. The Board would reward campuses that produced high-quality results. Annual operating funds would be based upon each school's achievement of key objectives—such as shifting spending away from administration and into the classrooms, student selectivity, enrollee retention and graduation rates, and post-graduate employment and earnings. The Board would develop com-

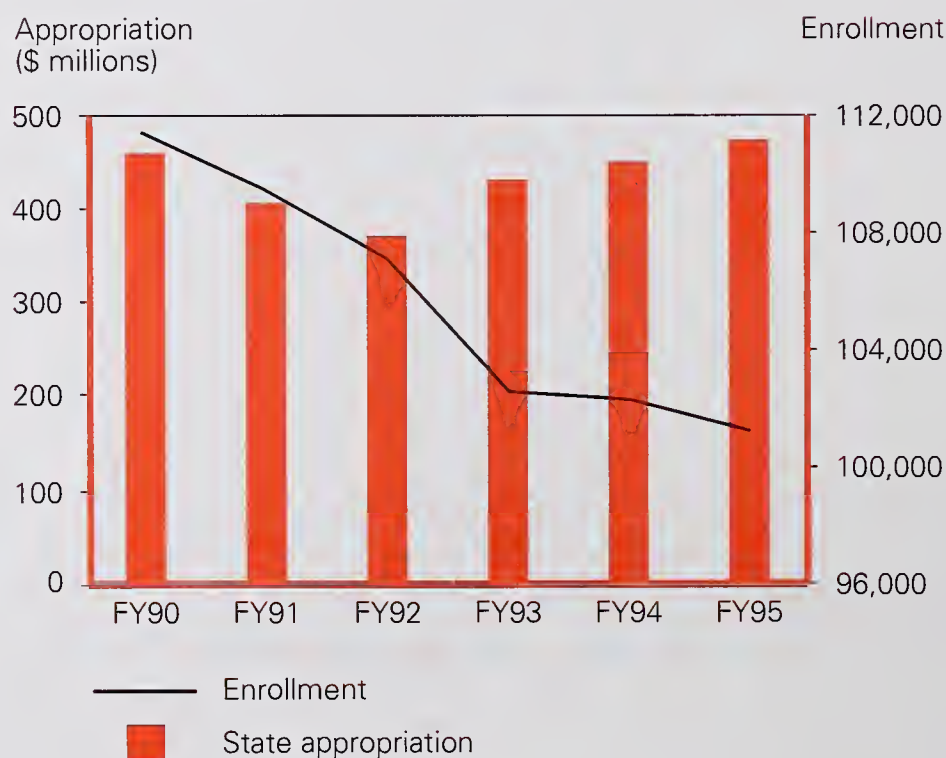
[W]e should be prepared to do whatever is necessary to ensure that, in the long term, we end up with the kind of quality system that has its own constituency and can sustain itself.

—Former U.S. Senator Paul Tsongas, quoted during his tenure as Chairman of the Board of Regents.

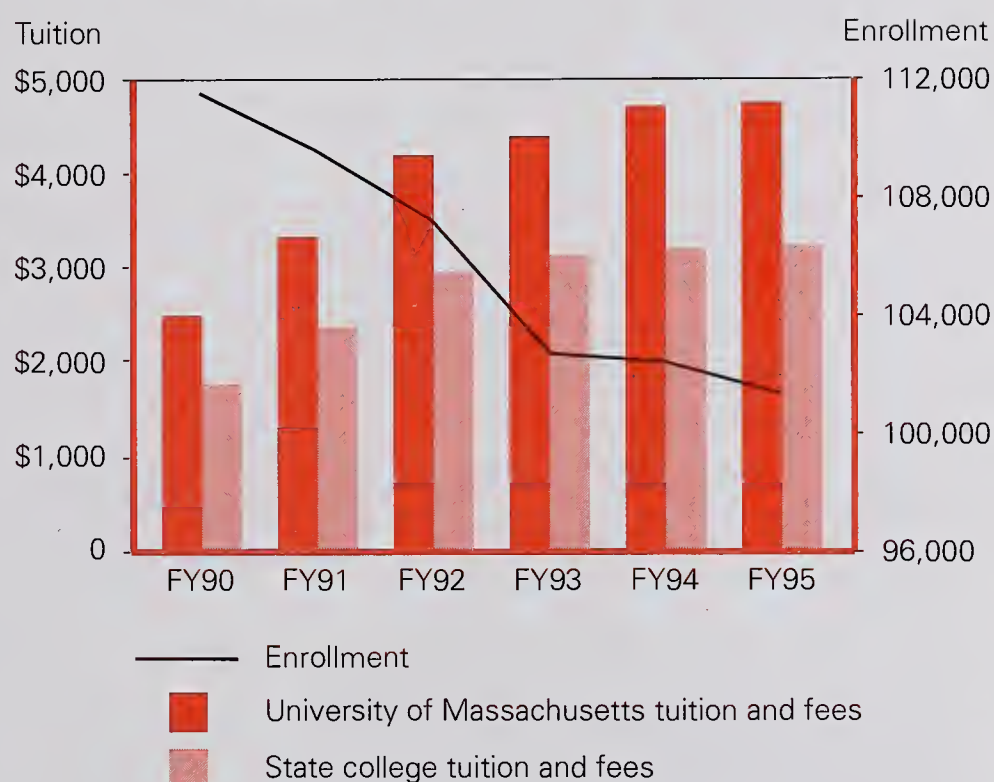
posite performance measures for the community colleges, state colleges, and the University.

By widely publicizing each school's performance results—in an easily understandable form akin to the *U.S. News and World Report's* annual rankings—the Board would introduce market-based decision-making to public higher education, conforming with the federal Student Right to

**University of Massachusetts and State College
State Appropriation vs. Enrollment**



University of Massachusetts and State College Tuition and Fees vs. Enrollment



Ensuring quality programs and access to them is a fundamental purpose of a public system of higher education. Access, however, is a hollow principle if the programs offered do not meet national and worldwide quality standards.

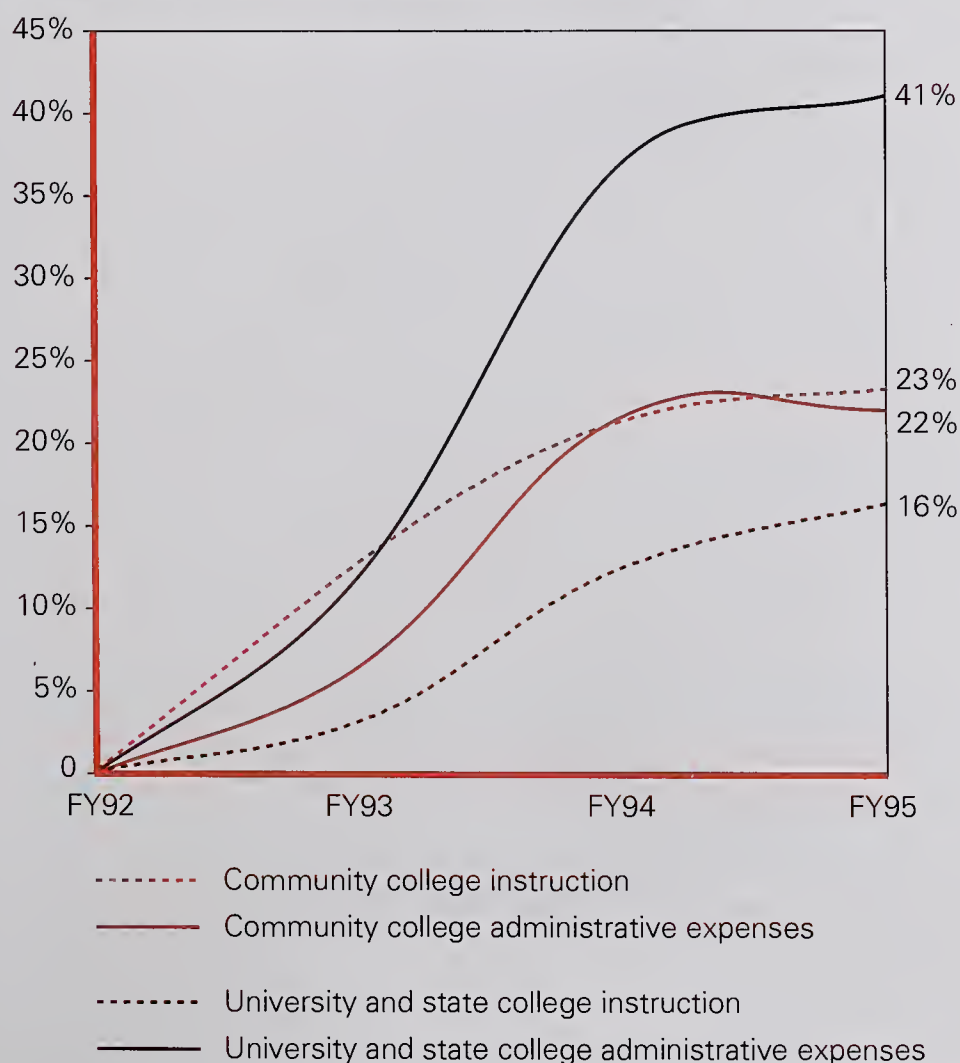
—Responding to Change:
New Directions for Public Colleges in Massachusetts, *Commission on the Future of the State College and Community College Systems* (March 1992)

Know law now in effect. These reports would be made available through Parent Information Centers and other forums.

In addition, the Commonwealth would appropriate a pool of matching funds to the Board of Education and Training, as a necessary incentive to increase campuses' self-sufficiency. The Board would make these funds available on a matching basis to schools that aggressively seek private dollars. Further, the Board would take a marked step toward controlling run-away administrative costs in public higher education by privatizing management functions in one state college and one campus of the University of Massachusetts in fiscal year 1998.

Finally, because this proposal would require drastic changes in how campuses are run, the Board would also have a limited reserve fund to direct to individual campuses. This pool would sponsor and reward highly focused initiatives

Expenditure Growth in Administration vs. Instruction



undertaken by the campuses to redirect their missions, offerings, and administration to meet Board specifications.

In sum, we are proposing a carefully calculated mix of incentives and controls that in combination promise to transform public higher education in Massachusetts, by forcing schools to build on their strengths, eliminate weaknesses and duplication, and trim administrative fat.

► **Action:**

Consolidate the job training system.

Under this plan, the state's current job training system would also be assigned to the new Board of Education and Training,

The fragmented system that we now have—49 separate job placement, job training, and adult education programs, spread across five secretariats and 12 agencies—is wasteful and difficult to use. It stands as a tribute to special interests and

misguided intentions. Over the last sixty years, one agency after another was created to serve specific populations—even specific programs—that separated people into government-created categories. The result is a system that creaks along at the state level, pushing paper from one agency to another. Each agency supports its own administrative structure, including a legal unit, a contracts unit, a finance unit, a budget unit, an administrative unit, a facilities unit, an executive office, a purchasing unit, and a personnel unit. In addition, each agency collects its own information, maintains its own databases—and has its own network of local, area, regional and district offices. This needless duplication is a shameful waste of resources.

Along with wasting money, the system's complex and disjointed nature makes it extremely difficult to use. The majority of citizens have no idea how to access the job training system, and the small number who do tap into it must navigate a virtual labyrinth of non-uniform data, convoluted requirements, and fragmented policies.

Eliminating this waste and confusion requires consolidating and improving the entire system. Our plan would impose changes at the state and local levels.

At the state level, the two quasi-public agencies dealing with job training—the Industrial Services Program and the Bay State Skills Corporation—as well as the state's 49 separate job training programs and the offices that administer them,

Massachusetts Job Training Network Today

- The Department of Employment and Training has 36 job centers and 4 regional offices
- The Industrial Services Program has 19 Worker Assistance Centers, 10 Emergency Assistance Centers and 7 Special Centers
- The Massachusetts Rehabilitation Commission has 34 offices
- The Department of Transitional Assistance has 36 offices
- The Massachusetts Commission for the Blind has 6 regional offices
- The Department of Public Health has 7 area offices and 33 comprehensive community support offices

Duplicative and Overlapping Services in the Job Training System

Targeted Groups Receiving Services	Counseling and Assessment Programs	Basic Education Skill Training Programs	Specific Skill Training Programs	Job Search Programs	Job Placement Programs
Youth	12	9	5	10	10
Under-educated adults	15	12	7	9	9
Physically/mentally disabled	8	7	6	10	10
Veterans	6	3	3	6	6
Refugees/homeless	6	3	2	4	4
Dislocated workers	10	7	8	8	8
Incumbent workers	3	5	8	4	4

would all be combined into three workforce units within the Office of Education and Training. No more than five percent of the federal grant funds received by the Commonwealth would be spent on administration. This consolidation would yield \$40 million in savings. These savings could then be passed along to clients in the form of vouchers and improved services.

This newly consolidated, state-level system would be responsible for block granting funds to local workforce development boards, setting benchmarks and goals for those boards, compiling statewide labor market information, and administering loans and grants to businesses to help improve their employees' skills. In so doing, the job training offices within the Office of Education and Training would serve as a single point of entry, where clients could get a complete list of services offered throughout the state.

At the local level, the current structure of 16 Regional Employment Boards (REBs) would be replaced by a network of nine Workforce Development Boards (WDB), reflecting the natural labor market. The WDBs would allow local control over the creation and implementation of workforce

Proposed Workforce Development Boards by Region

1. Berkshire WDB (Berkshire County)
2. Hampden/Hampshire WDB (Hampden and Hampshire Counties)
3. North Central WDB (Franklin County and the North Central REB)
4. Worcester WDB (Southern Worcester REB)
5. Merrimack Valley WDB (Northern Middlesex, Lower Merrimack, North Shore REBs)
6. Boston WDB (Boston REB)
7. Metro West WDB (Metro North and Metro Southwest REBs)
8. Southeastern WDB (South Coastal, Brockton, Bristol, New Bedford REBs)
9. Cape Cod, Martha's Vineyard and Nantucket WDB (Cape Cod REB)

development policy. Each board would receive block grants from the state-level Office of Education and Training.

The principal functions of the WDBs would be to set policy, provide oversight of programs, and make recommendations to the state Board of Education and Training. This may include, but would not be limited to, chartering one-stop career centers, issuing educational and training vouchers to eligible clients, and assisting local businesses in upgrading the skill levels of their workers. In addition, each board would be required to submit to the Board of Education and Training a two-year strategic plan for meeting the established benchmarks and the area's workforce development needs.

► **Action:**

Block grant state support for local schools.

Education is rightfully seen as a local responsibility. Local communities and their traditional public and chartered public schools should determine priorities and have complete autonomy to determine, in

their judgment, how funds are best spent. Presently, a great many small education grant programs (some awarded competitively and others as entitlements) are operated by the state. Each of these many programs has a separate state administrator who develops complex applications to be completed by local school administrators, whose days are already filled with completing various administrative reports of little or no value. This activity wastes both state and local education resources. These grant programs, many of which are relics of failed reforms, distort the objective funding mechanism of the new foundation budget that finances local school districts in proportion to their enrollment.

In a downsized state government, some of these programs would be eliminated, and the remainder would be combined as a single block grant. Seventy-five percent of the block-granted funds would be available for spending on programs such as early childhood education, after-school, dual enrollment, and gifted and talented; municipalities would be able to spend the remaining 25 percent on any local education priority.

EXECUTIVE BRANCH ADMINISTRATION



“To establish streamlined leadership—and responsive support organizations—to manage state government’s impact on the economy and to assist agencies in pursuing their primary functions”

Citizens are not the only ones frustrated with government. Those who work for the state or do business with it are just as dismayed. In some instances, getting something done seems to take forever; many are assigned to the same tasks, but few talk to each other about them; and when they do, worrying about which rules apply matters more than getting the job done.

The Weld-Cellucci Administration believes it has greatly improved the efficiency of state government over the last five years. Continued improvement will require changes not only in the front-line agencies, but also in those that lead and support them. In the new state government, duplicative state bureaucracies that cost too much, perform too slowly, or work at cross purposes would have to go.

Internal business operations of state government would be radically realigned. Taking a page from the business world,

the Secretary of Administration and Finance would oversee:

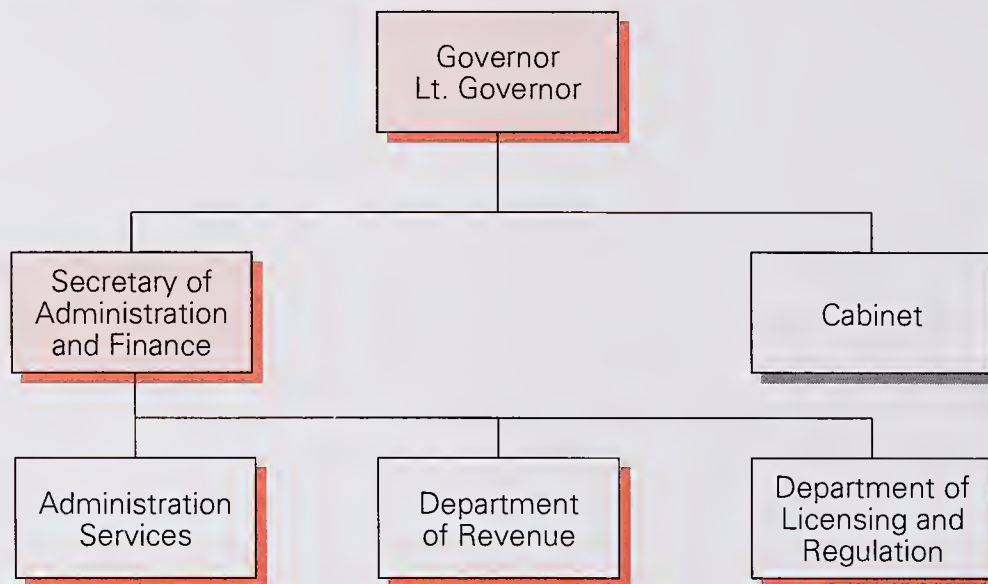
- Management support networks for state agencies
- State licensing and regulation
- Tax collections and other administrative functions

The Guiding Principles

- *Put the Citizen First.* Putting the citizen first means spending little to get a lot.

Every day of administrative delay—in filling a position, processing a purchase order, or recording a contract—is a day for which a front-line agency cannot be held accountable. And every dollar spent on overhead is a dollar more the taxpayer must pay.

Executive Branch Administration Organization



When it comes to state government's impact on the economy, putting the citizen first means taxing less, growing less, and regulating less. This plan would make that happen.

ministration and Finance, there would be three. Instead of 101 agencies promulgating regulations, there would be just one.

- *Simplify.* This plan—first and foremost—would simplify. Administrative programs and regulatory activities now scattered across secretariats, departments, agencies, and authorities, would be joined. From the front-line worker to the Governor, lines of responsibility would be sharpened. In place of the 30 odd departments, divisions, offices, bureaus, boards, and commissions that now form the Executive Office for Administration and Finance, there would be three. Instead of 101 agencies promulgating regulations, there would be just one.
- *Demand Measurable Results.* Getting good performance depends on the ability to measure results. We can now use computers to combine, organize, and distill information about agency performance as never before; we can now track both the tax dollars that we spend *and* the results those tax dollars yield—without an army of clerks or a mountain of files.



Executive Branch Administration Initiatives

► **Action:**
Require all executive branch managers to manage to five percent less than their current budgets.

Downsizing state government must begin with an overall plan for reducing the number of secretariats and state agencies, reassigning and consolidating responsibilities across these agencies, and launching broad policy initiatives that reflect the appropriate size and scope of state government. That is the purpose of the actions described in these pages.

Once the broad outlines of a downsized state government are drawn, our state managers are best qualified to find ways to streamline their own agencies. Just as corporate managers must endeavor each year to get the job done for less, so must we charge our government managers.

Many already recognize this responsibility. For example, the Department of Revenue processes three million income tax returns annually, issues two million refund checks, processes five million periodic payments, and receives almost one million phone calls. Since fiscal year 1991, by re-engineering its core functions and leveraging new information technology, DOR has reduced its employees by an average of

six percent annually, and cut the space the department occupies by roughly ten percent annually.

Other state managers can and must do the same: Innovate, cut costs, and reduce staff, while maintaining essential services. This plan would charge agency heads with reducing costs by 2.5 percent in fiscal year 1997, and another 2.5 percent in fiscal year 1998.

► **Action:**
Eliminate, consolidate, privatize, and sunset boards and commissions.

Currently, there are more than 700 boards and commissions on file with the Secretary of State's office. Four hundred eighty-six of these were established by statute or by executive order. Many boards and commissions no longer meet; others serve no essential function.

These include such entities as the Boatyard Preservation Committee, the Board of Teletypewriters Regulations, and the Hearings Board Regarding the Slaughter of Livestock or Poultry.

In a downsized state government, 240 of these boards and commissions would be eliminated, 16 would be consolidated, one would be privatized, and six would be sunsetted.

► **Action:**

Modernize state finance law and eliminate costly record keeping and reporting requirements.

Five years ago, the Commonwealth's financial condition was the worst in the nation. Our credit rating was near junk bond status, and our debt was almost unmarketable. According to *Financial World* magazine, Massachusetts' financial management was last among the states. Today, that same publication ranks the Commonwealth eleventh in the nation, and praises us for the most improved financial management practices and prudent budgeting. Our bond rating has undergone a quadruple upgrade, and other financial indicators are equally bright.

Our record of achievement does not mean that our financial systems are perfect, however. Opportunities exist to make these procedures more straightforward and less costly—without sacrificing the internal controls and financial integrity that we have worked hard to secure. Many of these changes would in fact further improve our fiscal profile.

In the new state government, we would review and update state finance law, systems, and practices to simplify financial procedures, eliminate duplicative activities, and capitalize on information technology. We would:

- Redefine the current fund structure to allow simplified end-of-year accounting. The current statutory structure and definition are convoluted and open to misrepresentation.
- Eliminate obsolete and redundant annual reporting requirements mandated by general law and annual budget statutes.
- Wherever possible, delete second- and third-order review and approval of financial transactions, and increase the number and type of decisions that can be executed at the agency level. These duplicative reviews now number in the hundreds of thousands. While deletion of these legal requirements must be balanced with the intended control objective, this is fertile ground for efficiency gains.
- Modify line item budget structure and rules on inter-account transfers. Through an excessive and idiosyncratic array of line items, we fragment program and policy management. Loosening the restriction on line item transfers would give agencies greater management flexibility.
- Eliminate position scheduling. Central intervention in individual personnel actions delays decisions, diverts agencies from their primary mission, and excuses managers from being held accountable for human resources. The focus should shift to up-front business planning for personnel changes and reliance on information technology to monitor compliance and enhance accountability.

► **Action:**
Streamline operational support to state agencies.

To fulfill their missions of delivering quality services to the citizens of Massachusetts, state agencies need well-chosen, cost-effective resources; qualified, trained personnel; supplies, computers and other equipment that function properly; safe, accessible work environments; and cost-effective services purchased from private enterprise. Important as these resources are, procuring them should not divert state agencies from their essential functions. Unfortunately, this is often the case.

A bureaucracy has grown up within state government—employing thousands of people—to regulate the procurement of these resources by line agencies. In service of worthy goals like strong internal controls, ethical procurement, and fair hiring, a system has evolved in which layers of people review actions, without adding measurable value.

A Typical State Procurement Process

Buying a Photocopier

State agencies involved	4
Bureaucratic steps	14
Signoffs required	4
Minimum time from order to receipt of copier	10 weeks

The result is unsatisfactory to all. Line agencies devote too many employees to satisfying—often fighting—the central budget, personnel, and purchasing bureaus. To get around them, “gaming the system,” is raised to an art form. Instead of accountability, the system therefore rewards advocacy and adversarial behavior. And in the end, the hiring, promotion, purchasing and leasing decisions that filter out of these bureaucracies are often not the most cost-effective ones.

In the new state government, agencies would be treated like valued customers by:

Reorganizing central support for the following critical functions and consolidating the organizational structure to reflect those activities.

- *Fiscal Policy:* Budget planning and financial transactions, capital planning and debt management, revenue collection.
- *Human Resources:* Personnel management, recruitment, classification, compensation, training, labor relations.
- *Operational Services:* Purchase of goods and private services, leasing, vehicle management, maintenance, printing and mailing services, administrative appeals.
- *Information Technology:* Strategic planning, data center management, network management, applications development, technical procurement.

Creating a management support network of the best specialists in budget, human resources, purchasing and operational support, and deploying them where they are most needed. Instead of the current structure, in which oversight agencies second-guess the decisions of their agency administration and finance counterparts, the new structure would bring these employees together as a team. A network would be created for each functional area (budget, human resources, information technology, purchasing, and other operational services), composed of central staff and agency team members. The network would report to the Secretary of Administration and Finance—creating one point of accountability—with the team deployed to agencies. The central services team would be regularly evaluated by the agencies they serve. The team approach would foster better trained specialists, better communication, and the sharing of best practices. Support resources could be quickly shifted to where agencies need them most. The fullest exploitation of information technology and shared databases would enhance the effectiveness of this network.

Simplifying transaction processing in all functional areas. The laws, regulations, and procedures governing these shared services would be scrutinized. The goal: simplify, add flexibility, and delegate decision-making to line agencies. Submitting a business plan and getting approval would clear the way for an agency to get its job done without being second-guessed later by higher-ups. Only those who fail to play by the rules would be subject to sanctions.

► **Action:**

Reestablish service to taxpayers as the purpose of state employment.

“They can’t fire me. I’m a permanent civil service employee.” Many of us have heard these words. A downsized state government would strike them from the lexicon of state service.

The contrast between how career state employees and the public view state service is striking—and instructive. Many who work in government regard it as a calling: demanding, poorly compensated, mostly thankless. Many outside government view state service as a sinecure with a fat paycheck, short hours, special holidays, and a propensity for “holier than thou” attitudes toward private citizens and their rights.

Streamline personnel administration regulations, and turn the focus from bureaucratic limitations and constraints, to improving our human resources.

—K. Robert Malone, Citizen,
Holliston, Massachusetts

In truth, there are a lot of good people in state service whose efforts are frustrated by the culture of big government. And, as in any large organization, there are a few bad apples that need to be tossed from the barrel. Restructuring state government means reforming state service:

Eliminate the civil service system. Ironically, civil service was a “good government” reform intended to weed out patronage and ensure that only qualified

Civil Service: The Best Way?

America's civil service was invented 100 years ago to guarantee merit in the hiring process. Sadly, many state and local governments have created such rule-bound and complicated systems that merit is often the last value served. How can merit be served, for example, when supervisors are only allowed three choices from among hundreds of possible candidates for a job? How can merit be served when pay is determined mainly on the basis of time on the job? How is merit served when top performers can be "bumped" from their jobs by poor performers during downsizings?

Over the years, the basic purpose of the civil service system has been forgotten: To recruit the most talented among our citizens into government, not to employ legions of classification experts and personnel administrators who spend their days tracing bumping routes and rewriting job descriptions. State and local governments have a hard enough time as it is recruiting the best and the brightest without actively discouraging them. We must not be so hidebound in order to protect against failure that we quash the spirit of innovation.

—*Hard Truths/Tough Choices: An Agenda for State and Local Reform*, The National Commission on the State and Local Public Service, 1993

people got state jobs. Today though, its inflexible prescriptions often thwart managers in hiring and promoting the best qualified person, and reward "examsmanship" over merit. Its elaborate appeals processes have made it impossible as a practical matter for a manager to get rid of poorly-performing personnel.

For most state and municipal workers, terms of employment are set by collective bargaining agreements, including the grounds on which they can be terminated and their rights to appeal. The two systems—civil service and collective bargaining—are duplicative and often conflicting. It is an ill-kept secret that good public managers have to become experts at working around the relics of the civil service system to attract and assign the best people.

Collective bargaining should be the sole instrument for balancing employees' concerns for fair treatment with management's rights. Lifetime tenure should be replaced by collective bargaining's "just cause" criteria.

It is today the consensus of government reformers and human resource professionals in Massachusetts and across the states that civil service is obsolete and should be eliminated outright. Massachusetts should be among the first to do so.

A reformed employment policy would preserve preference for veterans. Any state or municipal employee seeking to bring actions previously heard by the Civil Service Commission would have his or her concerns addressed through contractual grievance procedures; those not covered by collective bargaining would have the right to bring their grievances to the new State Appeals Unit.

Limit the duration of state service. Under this proposal, working for the state would once again be a *privilege*, not a *right*. State employment would be elevated to an opportunity for our citizens to devote as many as 12 years (three gubernatorial terms) of their lives to compensated, full-time service in the public interest. No longer would it be a life-time engagement above and apart from the working experience of the vast majority of people employed in the private sector.

State government is not a business, and no matter how much we would like it, it cannot be run like one. Neither managers

nor their employees face the competitive pressures of the marketplace—government just keeps going. Not surprisingly, state service often lasts too long. Too many energetic, young hires turn into bureaucrats. And those who retain their energy expend it fighting them. The management corps is hardest hit by this phenomenon.

This proposal would cap the total tour of duty for non-elective state managers, excluding uniformed law enforcement officers and other critical public safety personnel. The 12-year period would begin with initial hire, continue through appointments to a new position or agency, and only be suspended by interruption in service.

The private sector is where citizens would make their careers; the public sector is where they would serve. State government would be largely a buyer, not a provider, of services; careers, therefore, would be made in the employ of private businesses

that had won the opportunity to deliver those services. Staff would be drawn from those who had already succeeded in the market and now wanted to contribute to the Commonwealth, or from those who sought a stint in the public sector before embarking on their private-sector careers.

Current state managers would be grandfathered.

Establish an employee code of conduct.

A comprehensive Code of Conduct for all state employees should be adopted and included in all collective bargaining agreements. All employees would know what conduct is expected and which behaviors are unacceptable; managers would have an unambiguous basis for terminating those who violated the Code; and taxpayers would know that their money was no longer wasted on employee appeals—often stretching on for years—of obvious abuses.

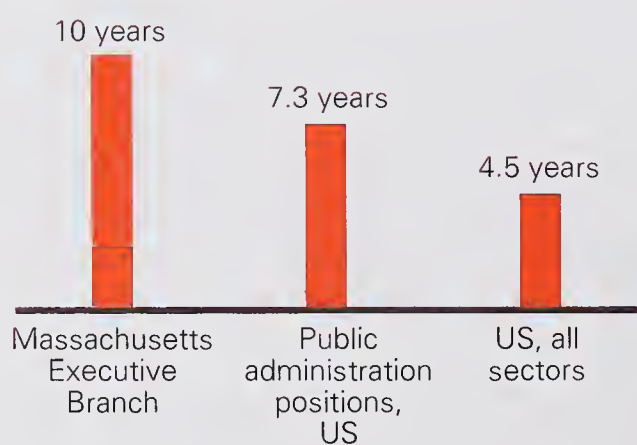
Reform paid leave and overtime policies.

A collectively bargained Earned Time Program would replace the presently separate sick, vacation and personal leave balances. The limits of the program would be set in statute: First, total paid earned time in a year could be no more than half the total paid leave now granted. Second, no paid leave could be earned for the two Suffolk County holidays.

A collectively bargained change would calculate all overtime benefits for state employees in accordance with the Federal Fair Labor Standards Act (FLSA). State employees would actually have to work 40 hours a week before becoming eligible for

Median Worker Tenure

State personnel rules discourage employees from seeking jobs outside of government.



Source: Personnel Management Information System, U.S. Department of Labor

State Employees' Days Off Per Year

A five-year state employee can now access 48 paid days off per year.



Source: Collective Bargaining Agreement, Massachusetts Nurses Association

overtime pay—in contrast to present agreements that allow employees to count paid sick, personal, and vacation leave taken as hours worked in determining eligibility for overtime pay.

Reform the employee health benefit system. Effective July 1, 1996, the employee contribution for health insurance coverage would be increased to 25 percent of the total group premium. This increase, requiring legislative action, would reduce costs by \$25 million annually and still provide insurance rates to state employees competitive with the private sector.

Administration of the state employee health and life insurance plans would be assumed by the new Human Resources Unit, while responsibility for negotiating contracts with health providers would be transferred to the Department of Public

Health Services. Transferring these contracting responsibilities to the agency overseeing the state's Medicaid program would leverage purchasing power, reduce rates, and introduce managed care principles into the employee insurance program. The Group Insurance Commissioners would remain as advisors to the Human Resources Unit.

Outsource payroll administration and switch to biweekly paychecks. Few organizations today continue to do their own payroll or issue checks weekly. Developing and maintaining elaborate proprietary payroll software is unnecessary and costly. The state should contract for comprehensive payroll services, from recording attendance and generating checks to maintaining tax records. The outsourcing would eliminate staff as well as our obsolete payroll technology.

Improve state retirement plans. No new employee should be required to participate in the state's inflexible public retirement system. Instead, employees should have the option to place their retirement savings into one of several tax-sheltered savings options. The state should no longer be in this business—retirement savings should be fully portable, and public pension rules should no longer discourage employees from leaving state government.

The state should no longer be burdened with the cost of living allowances for local retirees.

To bring the state in line with the private sector, the retirement options offered in the new state government would be made comparable to the private sector in regard to levels of employees and employer contributions and their combined amounts.

Qualitative benefits. Together, these personnel reforms would at last bring the state's employment and compensation practices in line with prevailing private sector practices. The new state government's focus would be on providing services at prevailing market cost, rather than maximizing public sector employment.

► **Action:**

Consolidate licensing and regulation in a single state agency.

Under the new state government, licensing, permitting, and regulation would be consolidated in a single administrative department under the leadership of a Chief Regulatory Officer (CRO), reporting to the Secretary of Administration and Finance.

The CRO's charge: Aggressively reduce the regulatory burden government imposes on individuals and businesses.

The new Department of Licensing and Regulation would allow a uniform, cost-effective approach to licensing and regulation, with an eye to reducing unnecessary regulation; lowering government-imposed barriers to entry into markets; reducing

costs to individuals, businesses and the economy as a whole; and giving customers truly convenient service.

Many of the department's activities—accepting applications, maintaining records of licensees, collecting and recording payment of fees—would be centrally computerized; other activities, such as license test administration, would be contracted out. The consolidated department would have three functional units:

- The *Licensing Administration* unit would issue all initial and renewal licenses, registrations and other permissions that are required by statute to conduct a business or trade, engage in a variety of individual or business activities, or exercise a privilege such as operating a motor vehicle on public roads.

It would specialize in those licensing activities that now consist mostly of processing paper. Most testing and inspection would no longer be done by

Under One Roof

The Licensing Administration Unit would consolidate licensing, registration and permitting functions now administered by:

- Registry of Motor Vehicles
- Board of Medicine
- Boards of Registration
- Division of Standards
- Department of Public Safety
- Department of Labor and Industries
- Division of Banks and Loan Agencies
- Division of Insurance
- Department of Environmental Protection (including MEPA)
- Department of Public Health Office for Children

state employees. Applicants would present evidence of eligibility and compliance developed by a non-state source (degrees, private inspections, scores on privately administered exams, *et cetera*). Information technology would provide centralized record management for “one-stop” customer service offices, akin to those the Registry of Motor Vehicles has already successfully established.

- The *Financial Regulation* unit would oversee the financial soundness of banks and insurance companies now overseen by the Division of Banks and Loan Agencies and the Division of Insurance.
- The *Rate Regulation* unit would set all price regulations for public utilities and insurance companies now set by the Department of Public Utilities, the Division of Banks and Loan Agencies, the Division of Insurance, and the Community Antenna Television Commission. Once open competition has been established, this responsibility could be phased out.

Sunset all existing regulations and fee rates. The new Department of Licensing and Regulation would make only a small dent in the problem if it must continue administering the regulations now in

place. That is why this plan would sunset the Code of Massachusetts Regulations—every rule on the books, every fee rate in effect—on January 1, 1997. Agencies would have to submit and justify to the CRO any regulation or fee they believe is essential to fulfilling statutory mandates. Such justification would include a rigorous analysis of the costs the proposed regulation would impose on businesses, and a calculation of the regulatory benefits that would outweigh those costs.

► **Action:**
Provide immediate rate and regulatory relief.

Registry fees. State government’s addiction to the Registry of Motor Vehicles’ fee revenues must end. By reducing regulations and dropping rates, the public would benefit from what would amount to a tax break of scores of millions of dollars a year, and the legendary hassle of periodically visiting the Registry would be eliminated.

The Commonwealth would offer drivers a lifetime operating license and permanent automobile registration. At the same time it would more aggressively market the driver’s license as a convenient and reliable form of identification. The mandatory five-year driver’s license renewal would be eliminated altogether, except for a requirement to demonstrate periodic visual acuity. It may seem paradoxical to recommend a lifetime license while promoting it as a reliable form of identification; however, customers would know best when

To the extent that regulations serve no legitimate and necessary public purpose, or cost more than the real benefit received, the cost is simply “dead weight” that in the end will drown us all.

—Peter Baghdasarian, Selectman,
 Uxbridge, Massachusetts

their licenses were out-of-date and would likely no longer be accepted by auto rental agencies, restaurants, or banks.

Similarly, there is no compelling reason to re-register personal vehicles every two years. Owners would still be required to obtain new registration when purchasing a new vehicle, buying a vehicle from someone else, or moving a vehicle into the state. Insurance agents—who would enter client information directly into the Registry’s database—would be able to flag owners whose insurance has lapsed, so that the Registry could take appropriate action.

The Spiraling Cost of Regulation

Taxes are not the only costs that government imposes on its citizens. Regulations also cost us a large part of our earnings. These costs take the form of inflated prices for almost every good and service we buy. According to Americans for Tax Reform, when both taxes and regulations are taken into account, it is estimated that the average American works until July 9, not for himself, but for the government.

Too much regulation also has at least three other negative macro-implications for the economy:

- First, over-regulation takes money away from businesses and therefore inhibits their ability to hire. The overall effect of this is a reduction in employment opportunities.
- Second, in many industries too much regulation puts American businesses at a disadvantage relative to their foreign competitors.
- Finally, excessive regulations make it more difficult for new businesses to succeed. Lenders realize this, and are reluctant to lend to new business in highly regulated industries. The result is that for many would-be entrepreneurs, entrance into the market is prevented.

These initiatives could eliminate approximately 2.5 million Registry transactions annually, save taxpayers from periodic fee charges, and lower the operating costs of the new Department of Licensing and Regulation.

Alcoholic beverages regulation. Massachusetts cities and towns already license 10,000 retail establishments, and are the best equipped to regulate the sale of alcoholic beverages in their neighborhoods. The responsibilities of the state Alcoholic Beverages Control Commission (ABCC) are unnecessary or could be handled better by local government. This proposal would abolish the ABCC in its entirety, and repeal all state laws and regulations relating to it. Cities and towns would issue retail licenses; manufacturer and wholesale licenses are already issued by the federal Bureau of Alcohol, Tobacco, and Firearms, rendering unnecessary duplicative state licensing. The state would continue to enforce criminal laws relating to alcoholic beverage consumption, and alcohol investigations would be conducted by the State Police. All so-called economic laws—which mostly serve to fix prices—would be eliminated, opening up competition and reducing prices to consumers.

The statutory and regulatory structure governing the purchase and sale of alcoholic beverages has created a nearly indecipherable maze for municipal officials, package store owners, and restaurants, to the point where the Alcoholic Beverages Control Commission today touts the publication of a book translating its many laws, which it has dubbed the “English translation” of the state’s liquor laws.

A Dizzying Array of Regulations

Today even the smallest organization must cope with a dizzying array of state and federal requirements set forth in statute and regulations.

An adoption agency, for example, must comply with the following: requirements for licensure by the state's Office for Children; federal statutes governing minimum wage, discrimination based on sex or blindness, age discrimination in employment or in federally assisted programs, non-discrimination under federal grants and programs, social security, child welfare services, federal payments for foster care and adoption assistance, block grants to the state for social services, equal employment opportunities and the Americans with Disabilities Act; federal regulations of the Administration for Children and Families regarding foster care maintenance payments, adoption assistance, and child welfare services; regulations of the Departmental Grant Appeals Board; federal regulations governing the administration of grants, nondiscrimination on the basis of sex in education programs and activities receiving or benefiting from federal financial assistance, nondiscrimination on the basis of age in programs or activities receiving federal financial assistance, nondiscrimination on the basis of age in health and human service programs or activities receiving federal financial assistance, and block grants. In addition, that adoption agency must comply with the following Massachusetts statutes: Department of Social Services; Office for Children; Fair Information Practices; Children with Special Needs; Confidential Information; Disclosure Prohibited and Exceptions; Confidential Communications and Excep-

tions; Confidential Communications and Testimonial Privilege; Protection and Care of Children and Proceedings Against Them; Unlawful Discrimination Because of Race, Color, Religious Creed, National Origin, Ancestry, or Sex; and Dependent Care Assistance Program Required for those Businesses with 50 or More Massachusetts Employees. Depending on the service provided, the agency may also have to comply with regulations promulgated by the Executive Office of Health and Human Services, Office for Children, Department of Mental Health, Department of Youth Services, Department of Social Services, and the Department of Education. In addition, the provider must comply with the regulations of the Executive Office for Administration and Finance (Division of Purchased Services of the Department of Procurement and General Services), the Massachusetts Commission Against Discrimination, and the Office of the Attorney General. The provider must also comply with DSS Specifications for Programs or Service Provision, as outlined in the RFP or RFQ; policies, procedures, and reporting requirements set forth in the DSS Service or Program Specific Procedures Manuals as applicable, including Case Practice Manual, ASSIST User Manual, EOHHS/DSS Invoicing Manuals, and EOHHS pre-qualification procedures. Finally, local government imposes its own ordinances and requirements on adoption providers.

Since just one of these titles can run hundreds of pages, together they impose an enormous compliance burden.

► **Action:**
Collect all state revenues more efficiently and effectively.

Consolidate duplicative tax collection efforts. Today, five separate state agencies collect taxes from Massachusetts businesses: the Department of Revenue, the Department of Employment and Train-

ing, the Racing Commission, the Division of Insurance, and the Department of Industrial Accidents. This duplication is not only inefficient for the state, it imposes enormous burdens on businesses and employers. This proposal would consolidate these collection functions in the Department of Revenue, which would become the single point of contact for all business

taxpayers. The responsibility for tracking unemployment rates in the state would also be transferred from the Department of Employment and Training to the Department of Revenue, which already tracks other economic indices to forecast state revenues.

Use modern computer technology to cut further the costs of tax collection. In the last four years, the Department of Revenue has harnessed the power of computers to cut costs, increase compliance, and improve customer service. Last year, 172,000 Massachusetts “short form” tax filers filed their taxes by telephone. An eight-minute call and a refund in just three days replaced paper forms and the old, three-week wait for a refund.

As a result of such innovations, the Department has been able to reduce staffing from 2,118 in fiscal year 1991, to 1,520 today; increase the collection of delinquent taxes and audit assessments by about 25 percent; and improve productivity by approximately 60 percent. With new imaging and intelligent character recognition technology and plans to expand telephone tax filing to more taxpayers, the Department is poised to save much more.

Simplify tax administration laws for additional cost savings. Massachusetts now spends roughly \$100 million per year to collect over \$11.6 billion in state taxes from about 3.3 million taxpayers. Much of the red tape of the tax system stems from complexity in the tax code itself, and

from administrative processes mandated by statute. Simplifying these laws would make savings possible.

This proposal would target costly and time-consuming tax code requirements by:

- Authorizing early resolution of some tax disputes at the pre-assessment stage, before the disputed taxes are required to be paid, thereby avoiding a lengthy administrative appeals process.
- Increasing the withholding threshold for students from \$2,000 to \$8,000—the level below which no taxes are owed.
- Eliminating the periodic sales and room occupancy tax filing schedule that burdens retailers and hotel operators with sixteen tax filings per year.
- Eliminating registration fees for business operators, professionals, and organizations required to register with the Department as well as fees for “Certificates of Good Standing,” which provide taxpayers with written evidence that they owe no past due taxes.
- Eliminating the automatic imposition of a tax lien on estates with no estate tax due.
- Allowing companies to make quarterly estimated payments based on quarterly results rather than estimated earnings.
- Authorizing the Commissioner to abate Section 28 double assessment penalties if good cause exists for failure to file a return.

- Streamlining filing requirements so that the administration of state tax liens would be consistent with federal requirements.
- Broadening the opportunity for Massachusetts Partnerships, S Corporations, and Limited Liability Corporations to file composite returns.

As this list makes clear, the state tax code is rife with minute technical requirements that impose unnecessary burdens on both taxpayer and tax collector. The new state government would work to eliminate such burdens.

Adopt new child support enforcement strategies. Massachusetts' child support enforcement program is a national model, recognized for its innovative use of information technology to track down and successfully collect from delinquent absentee parents.

However, our ability to establish child support orders early—so that kids from lower-income families can avoid joining the welfare rolls—is seriously hampered by cumbersome judicial processes for establishing or modifying such orders. This plan would authorize the Division of Child Support Enforcement to establish and modify administratively child support orders, reducing the burden on a strained court system and speeding up the establishment of such orders.

► **Action:**

Provide one-stop shopping for municipal assistance.

The state's local government partners are consumers—willing and unwilling—of a vast array of state policies and programs. Cities and towns look to the state for consistent information and clear instructions, predictable local aid, fair and understandable regulations and oversight, and quality technical assistance and training. They are asking that we do a better job of supporting their efforts, and that we eliminate roadblocks to local authority. Many of the proposals in this report would improve local as well as state government. For instance, the elimination of the civil service system is the single change in state law most sought by local officials.

City and town officials frequently charge that the state's policies on local government are uncoordinated and conflicting. While some state agencies are given high marks, others are cited for poor communication, lack of understanding of local needs, and slow or ineffective responses to local requests for help. The current uncoordinated array of agencies responsible for local issues causes us to miss opportunities for sharing best practices, leveraging investment in grants and other assistance programs, saving localities money, developing regional solutions, providing comprehensive assistance efforts, and troubleshooting new laws and regulations that affect our communities.

The new state government would establish one-stop shopping for municipal assistance by placing responsibility for the state's relationship with communities—currently managed by both the Executive Office of Communities and Development and the Department of Revenue's Division of Local Services—in one state agency, the Division of Municipal Services. Wherever possible, local oversight and assistance activities would be directly managed by the division; at a minimum, the municipal assistance agency would be responsible for ensuring that the efforts of other agencies are coordinated and communicated to our local government partners.

The Division of Municipal Services would be responsible for:

- Conducting and coordinating all technical assistance and oversight programs for local government
- Distributing and coordinating local grant programs
- Serving as a clearinghouse for all laws and regulations proposed for local government
- Managing a consolidated information database of municipal data

► **Action:**
Integrate other essential functions into the new executive structure.

The programs of the Executive Office of Communities and Development would be assigned to the Division of Municipal Services, the Massachusetts Housing

Finance Agency, and the Secretariat of Family Services. Community development grant programs and local regulation would be assumed by the Division of Municipal Services. Housing programs, public and private, would be transferred to the Massachusetts Housing Finance Agency—strengthening its role as the single state agency for professional financing and management of state housing programs. Family Services would take responsibility for housing subsidies to individuals, neighborhood services (including nutrition, homeless, and landlord/tenant relations programs), and energy programs (including weatherization and fuel assistance).

Labor law enforcement, presently shared by the Attorney General and the Executive Office of Labor, would be consolidated in the Office of the Attorney General. The principal function of the current Labor Secretariat—the administration of workers' compensation insurance by the Department of Industrial Accidents—would be managed by the Secretary of Administration and Finance. The state's efforts to mediate disputes between labor and management in the public and private sectors would be performed by a newly consolidated State Appeals unit, which would inherit the activities of the present Appellate Tax Board and the Division of Administrative Law Appeals. The Office of Dispute Resolution would continue as a self-financed activity within the new appeals unit.

The protection of consumers from illegal business practices, now undertaken by both the Attorney General and the Executive Office of Consumer Affairs, would be consolidated in the Office of the Attorney General. Consumer Affairs' function of informing consumers about their rights and directing them to the Attorney General and other offices for resolving complaints would be undertaken by the Governor's Office of External Relations in an expanded ombudsman's role.

► **Action:**

Create new mechanisms to manage state government's impact on the economy.

A downsized state government would recognize that its foremost responsibility for improving the state's economic climate is to single-mindedly drive down state-imposed costs of doing business—including taxes, unemployment insurance, and regulation.

Manage state economic strategy directly from the Governor's Office. The Executive Office of Economic Affairs would be eliminated, responsibility for our economic strategy and cost containment efforts would be assumed by the Office of the Governor and the Secretary of Administration and Finance, and critical economic development programs would be transferred to the quasi-publics. Senior officers would be designated to articulate the Administration's views on economic

policy publicly and to speak with companies at the CEO level. This leadership responsibility would be supported with a small economic policy and research staff charged with understanding the economy and the effects of government policies, and capable of providing sophisticated, informed analysis to help guide state policy makers.

Develop a coherent set of state economic, capital investment and employment-related education strategies. One of the immediate jobs of our new state government would be to articulate a comprehensive strategy to help ensure that state actions—in the spheres of taxation, infrastructure, education, permitting and other areas—are supportive of a better business climate now and in the future. Such a strategy is not a plan for the economy; it is a way for state government to maximize leverage from limited resources and minimize the unintended consequences of its actions.

Choosing to Compete provided the initial ingredients for a new state economic strategy. It did not recommend an economic development policy based on incentives to companies in competition with other states, or the selective promotion of one industry at the expense of others; rather, it advocated steady and comprehensive improvement in those aspects of the business climate influenced by state government.

We would also need a more comprehensive state capital investment strategy that addresses economic impacts. Capital planning has been fragmented in the Commonwealth, with six secretariats responsible for the development of capital spending plans. The Executive Office for Administration and Finance has been effective in imposing bottom-line discipline on the overall capital spending budget. We need to re-double our efforts to ensure that capital spending priorities are reviewed with an eye toward their economic impacts. Without doubt, infrastructure development is one of the most important ways in which government supports private economic activity.

The new comprehensive strategy would also encompass training and employment-related education. No such strategy has been implemented to date due to the extreme fragmentation within the state with regard to training activities. Our ability to act has been impeded because most of the available funding has been in the form of earmarked federal dollars. The administrative consolidations proposed in this plan, in combination with increasingly available federal dollars in the form of block grants, would provide the accountability and flexibility needed to implement an effective workforce preparation strategy.

In addition, federal worker training resources would be supplemented by dedicating the earnings portion of the unemployment insurance trust fund to a new business-controlled worker training fund.

The new fund would invest up-front to improve workers' skills to keep pace with technical change. This approach would be far better than allowing out-of-date skills to force those workers onto the taxpayer-funded unemployment roll. Massachusetts businesses, which currently finance the unemployment insurance system, would oversee disbursements from this new workforce investment fund, and would make matching grants to companies and employee associations seeking to re-skill their employees.

Refocus our quasi-public economic development efforts. Massachusetts has long been a leader in using quasi-public agencies to help develop the state's economy. It is now time to refocus these agencies to eliminate duplication, limit overlapping missions, and allow more coordination. This proposal would consolidate 13 existing quasi-public agencies into four new quasi-publics.

- A new *economic development bank* would combine the missions and resources of the Government Land Bank, the Emerging Technology Fund, the Massachusetts Industrial Finance Agency, the Community Development Finance Corporation, the Employment Stabilization Trust, and the Health and Educational Facilities Authority.
- A new *training and education* quasi-public agency would combine the missions and resources of the Bay State Skills Corporation, the Industrial Services Program (excluding the Employment Stabilization Trust, and JTPA

Title III) and the Massachusetts Educational Financing Agency. The Massachusetts Corporation for Educational Telecommunications would be privatized.

- A new *technology* quasi-public agency would combine the missions and resources of the Massachusetts Technology Collaborative and the Massachusetts Technology Development Corporation.
- And a new *housing* quasi-public agency would combine the missions and resources of the Massachusetts Housing Finance Agency and the Community Economic Development Assistance Corporation, including state public and private housing programs formerly administered by the Executive Office of Communities and Development.

Existing private business entities, such as the Capital Resource Corporation and the Massachusetts Business Development Corporation, would remain private.

These mergers would greatly increase the flexibility of our quasi-public economic development network, enabling quasies to undertake a much broader variety of state and municipal projects consistent with the new comprehensive economic development strategy.

Eliminate or consolidate lower priority economic development programs. Some existing programs were created to address the problems of a different time; others

provide services that are readily available on the private market or could be more effectively managed as a component of other state activities. For these reasons, this plan would:

- Eliminate funding for the Small Business Development Center program, which offers management consulting and technical assistance to small businesses.
- Consolidate the functions of the State Office of Minority and Women Business Assistance (which certifies minority- and women-owned small businesses and monitors the state's utilization of the services of such businesses) into the new Central Services unit with overall responsibility for state purchasing and contracting.
- Relocate the Massachusetts Office of Travel and Tourism, the Massachusetts Office of International Trade and Investment, and the Massachusetts Film Office to Massport.

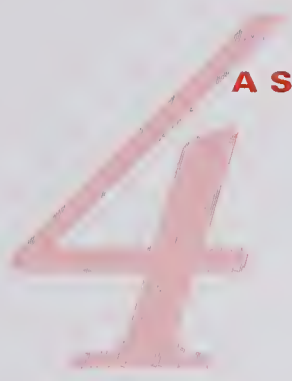
Expand the state's business assistance services. When companies consider the possibility of expanding or locating their operations in Massachusetts, a business-friendly, one-stop point of contact with the state can make a big difference. Having someone to "answer the phone" when businesses call looking for information, assistance with the state bureaucracy, or a

simple pat on the back is crucial to assuring companies that they will be well-treated when they interact with Massachusetts state government.

In the new government, we would keep the welcome mat out for business.

The central and regional business assistance offices of the Massachusetts Office of Business Development would continue

as part of the newly consolidated quasi-public economic development bank. In addition, a new private not-for-profit would bear principal responsibility for promoting the state as a business location. This model, introduced by the state of Georgia, promises not only to streamline the government, but to involve the private sector more effectively in an activity in which companies have a vital interest.



Together, the 50 initiatives described in these pages would build a new state government for Massachusetts: lean, focused, and affordable.

For the vast majority of our citizens and businesses, who pay taxes and derive no special or unusual benefits from government, this vision of a downsized state government is overwhelmingly positive. Only the protectors of big government will attempt to characterize it as a negative vision—as a statement of what government shouldn't be, rather than what it should. That may be the view of some within government, whose functions are now under scrutiny, or of some outside of government who, for too long, have enjoyed a relationship of mutual dependence with a certain agency or program.

But for the rest of us, the new Massachusetts state government will offer lower state spending; lower taxes; greater personal choice, income, and savings; a more dynamic economy; customer-friendly government services; local empowerment; more effective public spending; and more

focused capital investment and stewardship of public property. These results are what citizens want from their government, and they are achievable.

Two-Thirds of a Billion Dollars in Annual Savings

Not only would a downsized state government provide better services, it would also cost less: two-thirds of a billion dollars less.

The seemingly inevitable upward spiral in the cost of state government would be reversed—a historic achievement.

The table beginning on the next page summarizes these savings. The initiatives described therein, and their associated savings, will be detailed in House One, the Governor's annual budget proposal, in January 1996.

Summary of Savings (in millions of dollars)

Page	Initiative	Annualized Savings
Public Safety		
27	Focus our public safety agencies on criminal justice and consolidate planning and administrative functions into Executive Office	1.5
28	Shift the State Police away from road patrols and toward specialty services	1.0
32	Eliminate multiple corrections agencies	10.7
34	Privatize prison services and prison industries	6.1
Public Property		
38	Consolidate all highway and bridge construction and maintenance activities under the Department of Transportation	1.8
39	Remove state oversight of Chapter 90 grant program	0.8
40	Competitively contract MBTA management and operations	33.0
43	Consolidate the Regional Transit Authority (RTA) operating system	3.0
46	Consolidate Massachusetts Aeronautics Commission into Massport	0.3
Family Services		
56	Create a more rigorous SSI program	30.0
57	Integrate managed care principles and public/private case management; purchase outcomes—manage and write effective performance contracts	65.0
59	Establish four new departments: Children's Services, Rehabilitative Services, Transitional Assistance, and Public Health Services	127.0
61	Consolidate field operations	25.0
62	Convert all public facilities to "public enterprises"	35.0
Environmental Affairs		
67	Consolidate environmental agencies	3.4
69	Transfer the permitting function of DEP and MEPA to new Department of Licensing and Regulation	0.6
70	Other downsizing initiatives	1.5

Summary of Savings (in millions of dollars) - continued

Page	Initiative	Annualized Savings
Education and Training		
80	Consolidate the education and training agencies and establish a new single Board of Education and Training; maintain commitment to Education Reform Act of 1993	71.2
86	Convert state assistance to higher education from institutional subsidies to outcome-specific aid	30.0
87	Privatize management of two higher education institutions	15.0
Executive Branch Administration		
93	Require executive agencies to manage to 5% less over two years	85.0
94	Modernize state finance law and eliminate costly record keeping requirements	5.0
95	Streamline operational support to state agencies	30.0
96	Move toward private-sector model for state employee benefits	57.8
103	Collect all state revenues more efficiently	7.8
105	Provide one-stop shopping for municipal assistance	0.5
106	Integrate other essential functions into the new executive structure	11.3
Total Annualized Savings		\$659.3

A Half Billion Dollars Returned to the Taxpayer

These savings would stay in the family budgets, college and retirement savings plans, charitable donations, and business investment programs of taxpayers across the Commonwealth—rather than being siphoned to Beacon Hill. The new Massachusetts state government would disprove

the tired notion that good government means more and more spending, year after year.

Every responsible citizen recognizes the need to pay taxes to support essential government activities that serve the common good. However, reasonable citizens are justifiably upset when government takes

more than necessary to support those activities, and then fails to perform them effectively.

The average taxpayer works from January 1st to May 6th just to pay all of his or her taxes. That's every penny we earn for over four months. Only then can we keep our own money to buy housing, food, and clothing for our families, and to save for the future.

Two-thirds of a billion dollars in savings would permit more than a \$500 million income tax cut, bringing down the earned income tax rate from today's 5.95 percent to 5.45 percent. This is the largest tax break the Weld-Cellucci Administration has proposed.

An across-the-board tax cut is fair to all. It would directly reduce taxes for over 2.2 million taxpayers and their families, across all income levels.

That's a tax break worth fighting for.

Allowing citizens to retain more of their earnings would spur spending and investment that would ripple throughout the economy. Most of those dollars would be spent here in Massachusetts. Reduced taxes on wage earners would ease pressure for wage increases, making Massachusetts more competitive. And the pattern of seemingly inevitable government growth will have been broken, leading future lawmakers to deliberate more responsibly the proper size and scope of state government.

Tax relief would put more money into the hands of consumers and small businesses, and send an important message to the job-creating community that Massachusetts is hungry for growth.

—Governor William F. Weld

Greater Personal Choice, Income, and Savings

A fundamental premise of our new vision for Massachusetts state government is that taxpayers know best how to spend their own money. If a family wishes to buy a house, save for college, give to charity—or, yes, just live a little better—they should be able to do so. If a business decides to invest in a new plant, purchase new equipment, hire new employees, launch a new product line—or increase its shareholders' dividends—it should be able to do so. Channeling the money through a government program—with transaction costs and overhead incurred every step of the way—is no improvement on taxpayers' own decisions.

The circle of essential government functions should be drawn narrowly, and the scope of personal autonomy greatly expanded.

A More Dynamic Economy

Over the past decade, Massachusetts companies—large and small, traditional and high-tech—have reorganized and often downsized. In the face of a new and ever more competitive economy, few citizens

have gone unaffected by companies' efforts to reinvent themselves. Although the costs of change have been great, for most firms there has been no alternative. And now, we are realizing the benefits.

In the most productive nation in the world, Massachusetts is today among the most productive states. In four years, we have added over 180,000 net new jobs. The Commonwealth enjoys the fourth highest level of personal per capita income in the nation.

But the press for greater efficiency has yet to reach one sector of our economy that constitutes nearly ten percent of the Commonwealth's gross product: state government. In state government, business as usual is the order of the day, and change rarely brings lower costs. Over \$16 billion flows through this ponderous sector each year, dragging down Massachusetts' overall economic performance.

Businesses face enough challenges. The taxes, fees, insurance premiums, permits, and licenses state government imposes are just more overhead. And, as every business knows, unnecessary overhead is the first threat to survival.

But state government doesn't stop there. Regulations, filing requirements, and approval processes involving scores of separate and uncoordinated state agencies consume businesses' time, money, and energy. Just figuring out what the state requires can be an exercise in frustration.

The new Massachusetts state government would single-mindedly drive down this government-imposed overhead. It would lower taxes. The fruit of our efforts: a more dynamic economy, better jobs, greater prosperity for all.

Customer-Friendly Government Services

Today, we need only pick up the phone to contact our favorite catalogue company, and within seconds, we can order any number of products... check on a shipment... correct our billing address... or reconcile our account. We can call the overnight delivery service and receive precise directions from our door to the nearest drop-off box—from an operator in Texas. If we're late getting a package, we can log in on our laptop computer and determine instantaneously exactly where it is en route. We conduct nearly all our banking via automatic teller, or even by phone.

These conveniences are the hallmarks of successful companies. They attract and keep customers by treating them with respect and valuing their time. Massachusetts citizens have every right to expect the same level of service from the state. That's what a downsized and automated government would deliver—by consolidating functions, exploiting information technology, and adopting a customer-friendly attitude toward the citizen and taxpayer.

With one toll-free phone call, citizens could inquire about the full range of family services and transitional assistance programs, from child care to unemployment insurance. Taxes could be filed from one's touch-tone phone or home computer. No more would we be bounced from one office to the next, not getting the answers we need.

For businesses, the Massachusetts Office of Business Development's network of regional service centers (newly consolidated with the Massachusetts Government Land Bank and the Massachusetts Industrial Finance Authority) would provide one-stop shopping. At these centers, businesses could inquire into the services of the state's economic development quasi-public agencies, and obtain the help they need to comply with tax, environmental, and unemployment insurance laws.

Local Empowerment

New England has a unique tradition of respect for local government. Many Massachusetts towns retain the fully democratic town meeting as their basic instrument of governance. Home rule is a cherished tradition of the Commonwealth's constitutional structure. We prefer local government—accessible and personal—and are wary of the state—faceless and remote.

Part of our vision of a new Massachusetts state government is local empowerment. Too much of state government now con-

sists of the transfer to Beacon Hill of funds that are ultimately distributed back to communities as local aid and grants, but with new strings attached. This adds little value and a lot of overhead. It would be better to leave the money at home in the first place, where decisions can be made that reflect local needs and preferences.

More Effective Public Spending

Today, spending levels are the principal measure of our commitment to public causes. We tally how much public money we throw at a problem, not how well we solve it.

The new state government would give clients the money to shop for the best services, and when it bought them directly, it would pay only for results, not for effort. It would spend far less on duplicative administration and more on direct services. All in all, it would deliver more bang for the buck.

More Focused Capital Investment and Better Stewardship of Public Property

Building essential infrastructure is among government's greatest contributions to economic growth. The Commonwealth's improved credit can now support some \$850 million in new capital spending each year, a capital budget that only the largest corporations can match.

Planning for capital spending is currently fragmented across six separate secretariats and their agencies: Administration and Finance, Transportation and Construction, Communities and Development, Environmental Affairs, Education, and Public Safety. Each year, the state's income statement is closely scrutinized through the annual budget process. But when no one entity is responsible for capital planning, no one is held accountable for the state's balance sheet.

In a newly consolidated state government, the combined economic impact of diverse capital spending programs would be maximized by assigning responsibility for capital spending strategy to the Executive Office for Administration and Finance and the Executive Office of Public Property. Duplication would be avoided, and priorities would be reinforced. To the extent that this restructuring results in overall savings in capital spending, these savings would translate into a lower cost of borrowing and, ultimately, lower taxes.

A Better Legacy to the Next Generation

Finally, in building a smaller government, we would be ensuring a better legacy for our children. Afforded access to a sound education, they would be better equipped for the jobs of the next century and more likely to lead fulfilling lives. Inheriting a competitive infrastructure, fewer government regulations, and lower taxes, they would build a career in a more vibrant economy. Their inheritance, public and private, would be richer.

Governor Weld and Lieutenant Governor Cellucci invite the Legislature to join in building this new government for Massachusetts—lean, focused, and affordable.

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